

BUSINESS WEEK

YEAR
AGO

WEEK
AGO

START
OF WAR
1939



Molotov and Eden. What lay behind the sharp words of Stettinius lies directly between these two.

BUSINESS
WEEK
DEX

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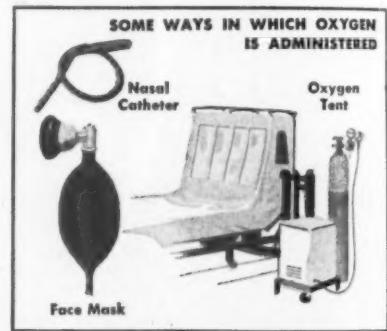
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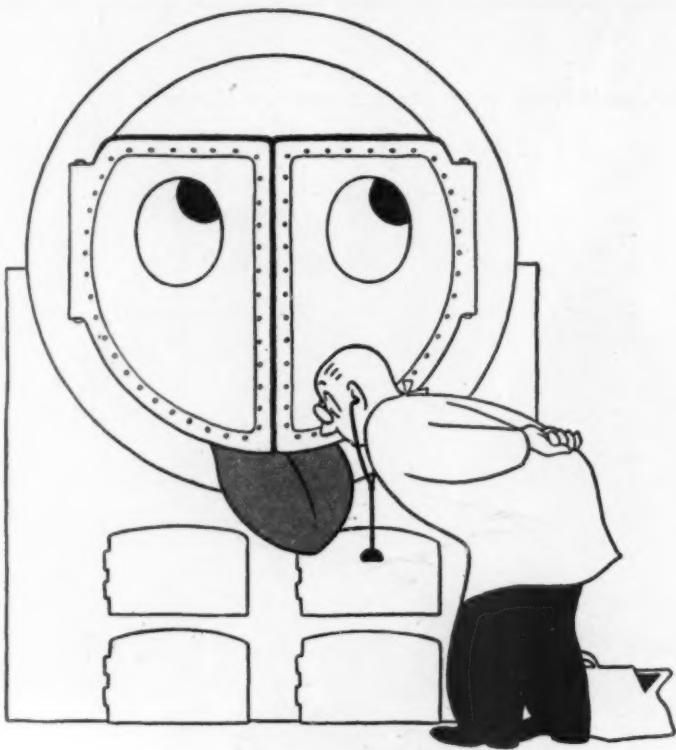
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WASHINGTON BULLETIN

Job Freeze via Draft Threat

With no hope of getting even the mildest kind of manpower legislation through Congress, the Administration has fallen back on the Selective Service system to help it man critical war plants.

Threat of the draft always has served to put teeth—of a sort—into manpower controls. Now, the Selective Service machinery will be used to administer a job freeze in essential industries.

Nub of the plan is to make workers secure the permission of their draft boards before they change jobs. Local boards have instructions not to let a man shift from a top urgency job to a less essential one, even though the new work ordinarily would rate a deferment.

Inductions Won't Gain Much

The new draft rules do not presage any big increase in inductions; nor do they mean that workers will be yanked out of civilian jobs, put in uniform, and returned to civilian work under military orders.

The change was advertised as a step to provide replacements for men drafted into service and then returned to civilian life to staff critical war production programs, but only a few thousand servicemen have been returned for this reason.

The true purpose of the new system is to keep workers on essential jobs by confronting them with prompt induction if they quit.

Tight Enforcement Planned

This is plainly a half-way measure. It is designed to affect only about 5,000,000 deferred men between the ages of 18 and 37—out of over 40,000,000 nonfarm workers—and it actually will reach only those in nonessential jobs or those who try to quit war plants. It doesn't get at those over 38, those already rejected for military service, or women.

To reach these groups, the War Manpower Commission is trying to tighten up its present manpower controls, primarily by providing for stricter enforcement. It will instruct employers to be less freehanded in granting releases and the United States Employment Service offices will be told to use more discretion in handing out certificates of availability.

Attempts will be made to track down workers who try to bypass the controlled

referral system to see if they have been re-employed illegally. Employers hiring workers without releases will be compelled to discharge them.

Indirect Sanctions Weighed

Manpower authorities are checking over the various war powers acts to see if they can find authority to use indirect sanctions—for example, shutting off priorities or stopping fuel allotments—to enforce War Manpower Commission orders to employers.

If it can find the enforcement authority, WMC will reduce employment ceilings in less essential activities, squeezing out additional workers for war production. Theoretically, it already has the power to cut ceilings, but without enforcement that doesn't mean much.

New Machine Tool Crisis

The need for more than 6,000 critical machine tools to equip the \$500,000,000 worth of new facilities being set up for the expanded artillery shell program puts the tool industry in its most serious position since Pearl Harbor.

Recent shipments have been at the monthly rate of \$37,000,000, and inability to raise output was due to lack of manpower and bottlenecks in the supply of components.

The new developments found the industry already wrestling with the problem of getting some sort of priority rating for machine tools that will be needed in reconversion, obtainable before the new crisis only on a catch-as-catch-can basis. The prospect of a longer war in Europe and of smaller V-E Day cutbacks indicates that materials and manpower will remain fairly tight, and that manufacturers won't be able to get tools they need without a rating system.

Vinson Ponders Wage Issue

Economic Stabilization Director Fred M. Vinson is letting it leak out that he may not be able to approve the steel wage adjustments granted by the National War Labor Board (BW—Dec. 2 '44, p16) if the Office of Price Administration finds it necessary to raise steel prices to meet the increased costs.

Actually, few government officials expect Vinson to disapprove the wage boosts, but he would not mind if the C.I.O. turned the heat on the OPA to keep steel prices in line.

Ward Dispute Dramatized

Washington's anomalous position in the current dispute between Montgomery Ward and the C.I.O. was dramatized when two members of the regional war labor board joined picket lines before the company's four Detroit stores at midweek. The government has to balance its intent to enforce labor's no-strike pledge against the fact that Sewell Avery, head of the mail-order house, is still defying the National War Labor Board's authority.

The Detroit imbroglio has as its cause exactly the same issues as those that resulted last spring in the historic seizure of the Chicago plant (BW—May 13 '44, p19) and its eventual return following a National Labor Relations Board election. As it still does in Chicago, the company refuses to sign a Detroit contract incorporating NWLB's awards on wages, arbitration, maintenance of union membership, and other issues.

Potentially more incendiary than the Chicago strike because of the possibility that sympathy walkouts might develop in vital Detroit war plants, the current Ward dispute seems headed for the White House via the shortest possible route.

No one, knowing the record of the parties involved, seriously believed this week it could be resolved short of presidential action, and both sides were digging in for the siege. The company imported high-salaried executives from Chicago and Toledo to work behind the counters, and C.I.O. locals, at their Wednesday night rally, laid plans to throttle sales activity in such stores as the company keeps open.

Cattle Ceilings Demanded

OPA hopes it may be able to use this week's meat crisis on the eastern seaboard to persuade Economic Stabilization Director Fred M. Vinson to put price ceilings on live cattle, even over the bitter protests of the War Food Administration (BW—Nov. 25 '44, p17).

The crisis was precipitated by the Army's action in increasing its beef set-asides. Slaughterers who have been consistently paying above common-law subsidy ceilings for beef and selling in the civilian black market couldn't make both ends meet when the Army, which buys within ceilings, upped their quotas. At the end of this week, wholesale strikes and shutdowns by slaughterers, wholesalers, and retailers threatened in



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**LEADERS IN INDUSTRY RELY ON
SHELL INDUSTRIAL LUBRICANTS**



WASHINGTON BULLETIN (Continued)

New York City, Philadelphia, New Jersey, and parts of New England. As a result, large sections of the meat trade itself joined highly vocal labor and consumer groups in demanding ceilings on cattle on the hoof. This combination of interests, OPA feels, may be sufficient to overrule WFA. In the meantime, OPA has instituted a large-scale enforcement drive to prevent dealers from selling grades and D as AA, A, and B.

Wheat Ceilings Rise

Wheat price ceilings have taken on new meaning since prices have gone up despite the record 1944 crop and the prospect for a big carryover at the end of the season. Price Administrator Lester Bowles didn't want to raise the ceiling, but War Food Administrator Marvin Jones had forced his hand, offering to pay farmers 15¢ a bushel above the government loan rate for un-deemed wheat next summer.

To cover this offer, Jones wanted to raise the ceiling by 6¢ a bushel, but Bowles held out for 4¢. Economic Stabilization Director Fred M. Vinson this week gave the nod to Bowles. OPA claims that even at 4¢ up, the Jones offer to farmers is above the new legal ceiling in Minneapolis and Kansas City; in effect, that the government floor is above the ceiling.

Despite the higher ceiling no increase is allowed in the price of flour. If and when wheat prices rise to the new ceiling, the higher cost to millers will be paid by the Reconstruction Finance Corp.

Water Power Pattern Forming

Congressional action of the past two weeks reveals the shape of the power issues that will face the next Congress. The trouncing that the St. Lawrence project got in the Senate (56 to 25) makes it doubtful that the new Congress will accept President Roosevelt's project, particularly in view of the Senate's insistence that it be handled by a treaty requiring a two-thirds vote. Still unsettled is the issue of river basin development, whether on an integrated basis by an independent regional authority or on a relatively piecemeal basis by existing federal agencies. A factor here is Congress' aversion to creating new independent agencies. A bill by Roosevelt might get him a Missouri Valley Authority (BW-Dec. 9'44, p29), but there's much less chance for

creation of the seven regional authorities that he proposed in 1937.

Secretary of Interior Harold Ickes has vastly extended his control over government-generated power under the flood control and rivers and harbors bills passed this week. Authority won by Ickes to sell the power from the projects set up by this legislation will, in the course of time, promote municipal ownership of distribution facilities.

Another victory scored by Ickes has scotched a threat to the traditional policy of small (160-acre) holdings of government-irrigated land. A move to exempt California's Central Valley project from the 160-acre limitation of the reclamation law (BW-May 13'44, p21) was defeated.

Rate Suspension Extended

The Interstate Commerce Commission did just what everyone expected when it handed down a ruling this week continuing for another year the suspension of the emergency railroad freight rate increases and leaving in effect the 10% passenger fare boost.

Railroads had asked to have the freight rate increases made effective after Jan. 1, 1945, when a previous suspension was due to expire. OPA had asked revocation of both freight and passenger fare boosts.

When the ICC wound up its hearings last October (BW-Oct. 21'44, p7), both sides were pretty sure that it would leave the present rate structure undisturbed

Civilians Must Take What They Can Get

The Washington moratorium on reconversion (BW-Dec. 9'44, p17) means that the country's civilian economy will have to continue on the present catch-as-catch-can basis for some months to come.

• **Few Signs of Strain**—Even officials directly charged with looking after civilian needs agree that, by and large, this is by no means disastrous. For a country three years at war, the United States has got by comfortably—in comparison with most of the rest of the world, luxuriously. But in some spots there are signs of serious strain.

Recent directives of War Mobilization Director James F. Byrnes will have the effect of freezing most civilian goods production at fourth-quarter levels. The spot authorization procedure of limited reconversion has been virtually suspended for 90 days in 125 critical, labor-shortage areas. In other areas, it has been slowed down.

• **Demands Back Up**—On the credit side of the ledger, fourth-quarter production of many needed civilian items is good compared to the standards of a year or 18 months ago. Partially offsetting this, however, is the fact that so long as production of any item falls short of meeting total demand, that demand tends to accumulate, and an increasingly higher level of production is needed to take care of the growing backlog. It's like trying to fill up a reservoir that's getting lower and lower.

With respect to goods in the spot

authorization list, the present situation is worse, in some ways, than before that program was started. Would-be manufacturers of products on the spot list can no longer use the regular WPB appeals procedure to get relief from production restrictions.

• **Critical Needs**—WPB's Office of Civilian Requirements has now drawn up a list of superessential items—electric refrigerators, washing machines, alarm clocks, electric irons, garbage pails, insect screen cloth, electric fans, and galvanized wash tubs and boilers. WPB will argue that these goods should rate right behind the most urgent military programs.

WPB also is doing what it can to help manufacturers of essential goods find additional facilities in loose labor areas. Two manufacturers of alarm clocks already have leased plants in such areas.

• **Woolens Set Aside**—Textiles and clothing are by far the most critical major sections of the civilian program. So far as the general supply situation is concerned nothing but further deterioration is in sight.

This week, WPB got ready to set aside all worsted production for exclusive military use during the next five months. In the same period, a large part of woolen production will be reserved for military and essential civilian use. The military had underestimated its needs for worsteds and woolens in both European and Pacific theaters.



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until the outlook for railroad earnings became clearer.

The ICC specified in its ruling that it would keep the proceedings open, which means that the rails can apply for an increase at any time during the suspension.

Pullman May Get Reprieve

Odds are that Pullman, Inc., won't be forced to divorce its sleeping car service—as ordered by the federal district court at Philadelphia (BW-Jul.15 '44,p38)—until after the war.

The Army, Navy, and Office of Defense Transportation are afraid that a breakup might interfere with service during the war. If necessary, ODT probably will join with the railroads (the prospective purchasers) to ask the court to postpone execution of the divestment plan until 18 months after the war.

The Interstate Commerce Commission, which would have to approve any new arrangement, would be likely to sympathize with a request for postponement. The Justice Dept. is not expected to protest. It is satisfied for the time being with getting a decree.

Capital Gains (and Losses)

OPA showed that it meant business on reconversion pricing this week by turning down Electrolux Corp.'s petition for an increase over '42 prices on the new vacuum cleaners it is now turning out. OPA left the door open a crack, however, by suggesting that an industry-wide cost study might lend support to Electrolux's case.

All 1945 census projects may have to be abandoned because the House, on a strictly partisan vote with the Republicans in majority, this week struck out the appropriation. There was a bare possibility that the Senate would restore the census of agriculture, perhaps other sections.

Strict allocation of lead is in the works at WPB (BW-Dec.9 '44,p9). Supplies for pigments and auto batteries for civilian use will be severely curtailed. Zinc output is suffering from labor shortages in refineries.

—Business Week's Washington Bureau

THE COVER

Vyacheslav Molotov, diplomatic salesman for the Soviet Union, and Anthony Eden, state mapmaker for Great Britain, were keenly aware of the implications in Secretary of State Edward R. Stettinius' stand on the internal politics of liberated nations (page 113).

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THE OUTLOOK

BUSINESS WEEK
DECEMBER 16, 1944



Here are the best bets on how the new draft orders (page 5), affecting mainly occupationally deferred men between 26 and 37, will react on industry.

They will focus everyone's attention on the No. 1 job—war output.

They will, to some extent, reduce quit-rates in essential plants.

They will cause induction of a few thousand more men a month by Selective Service; then the Army can more freely lend a handful of soldiers here and there when needed to bolster critical production programs.

This is a carefully thought-out Washington move to get more war production now. It is almost equal parts psychology and manpower. It gives the force of law to the War Manpower Commission employment rules which went into effect July 1 (BW—Jun. 10'44, p9) as they apply to 26-37-year-olds.

•

Munitions production in October (the latest complete report) fell 2% under the reduced schedule for that month. It was 6% below the 1943 peak.

There may have been some increase in November, as the War Production Board hoped, but the scattered figures so far available indicate the gain was very small.

Yet the over-all figures aren't the important things. What matters is the 27% of the program made up of critical items. Among these, cotton duck was about the only one on schedule in November, and even the schedule is way short of what the Army actually wants in every case.

Cotton duck gained 16% to meet schedule; light-heavy trucks were up 11% but still 2% behind; heavy-heavy trucks gained only 2%, were 15% behind; tanks, up 26%, were 3% behind; most-needed planes (the Superfortress and A-26) gained 24% but missed the goal by about 13%.

•

Bear in mind that the 300,000 men needed for critical programs aren't all needed now. Many of the plants to use them aren't built or tooled.

When the plants are ready (if the European war is still on), many of the hands will be available. Partly this will result from declining needs for non-critical items with resultant release of manpower.

Remember, too, that war production has declined only 6% since the end of 1943 while munitions employment has dropped 12% in the same period. The reason is increased productivity per man-hour (BW—Dec. 9'44, p120). This rise in efficiency will continue to help critical programs.

•

Army and Navy are hard at work on development of new planes, even if some of them will not be ready for use in this war.

There are the newly announced Army super-superbombers (page 18)—and probably some that still are not being talked about. Perhaps even more spectacular to contemplate are jet-propulsion planes that may soon attain the speed of sound (763 m.p.h. at sea level in temperate zones).

That fighters are likely soon to top 700 m.p.h. was revealed by Adm. De Witt C. Ramsey, chief of the Navy's Bureau of Aeronautics, before a House committee this week.

Now it is announced that about \$19,000,000 will be put into expanded jet facilities at Westinghouse Electric and some \$7,500,000 each at Pratt & Whitney and United Aircraft (with other projects in the wind).

•

Widespread snowstorms this week should be a warning to shippers of possible difficulties in meeting delivery dates promptly.

A bad winter will, of course, throw off truck and train schedules. More

THE OUTLOOK (Continued)

BUSINESS WEEK
DECEMBER 16, 1944

important, however, will be the way it will disrupt transhipment and similar work involving outdoor labor.

The railroads were helped through the extremely difficult, labor-short 1943-44 winter by relatively open weather (BW—Feb. 12'44, p9). This year the rail carriers have two advantages over last in moving the freight:

(1) **They enter the winter with about 75,000 more (if less experienced) workers.**

(2) **Volume of freight continues to recede ever so slowly from year-ago levels** (BW—Nov. 11'44, p9&16). Measured in revenue ton-miles, we fell behind 0.9% in August, the gap widened to 2.5% in September, and to 2.6% in October.

Frosts in the South this week apparently have put another crimp in prospective supply of late winter and early spring vegetables.

If first reports on Texas and Florida damage have not been exaggerated, California will dominate the market. The October hurricane (BW—Nov. 18 '44, p10) already had cut deeply into Florida's and Cuba's share (although an effort has been made to salvage tomato markets by replanting).

The over-all labor market will be influenced by the fact that a good many farm boys, who are now in the armed services, will replace fathers who will be very willing to retire after the back-breaking job of producing food for war is finished.

A survey by Iowa State College indicates that at least 11,000 farmers in the Tall Corn State will retire after the war, 65% of them within a year.

And there are signs that, with surpluses of food in the offing, **the inflationary push on farm land prices is slackening.** The Federal Reserve Bank of Chicago finds that the third-quarter rise averaged less than 1% (although the bank warns that the potentialities for a disastrous advance are still present).

Chocolate needs of this country for the immediate future are well covered. Not only does December promise to be a whopping month for imports (page 32) but American buyers have been contracting for shipments in quantity from Brazil well into February.

But here is the sand in your sweets. **Due to the tight sugar situation** (BW—Nov. 18'44, p21), **there won't be so much use for the chocolate.**

Candy manufacturers (along with soft-drink makers) have just been cut from 80% to 70% of base-period sugar quotas for first quarter, 1945. Bakers, however, will continue to get 80%, according to present plans.

Idle money these days is much more interested in long shots than in sure things. High taxes are the reason, of course.

A case in point is the growing interest in oil wildcatting "at 10¢-on-the-dollar" (page 21).

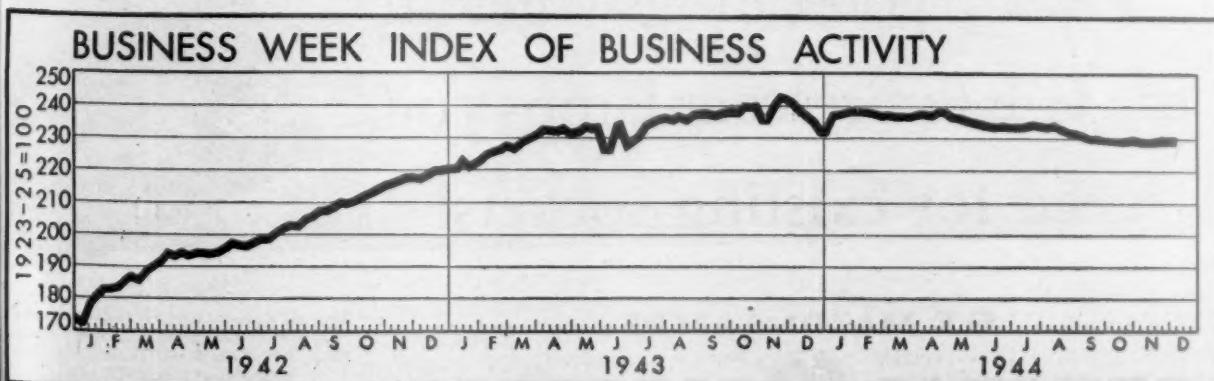
Another is the 37½% rise in the price of Magma Copper stock in two days. Magma, on Monday, announced that it had taken options on a large mineralized area in Arizona, and the market zoomed.

It should be noted that Magma framed its public announcement very conservatively so as not to encourage speculation. Also, you may be sure that this wasn't "smart money" because the stock's rise took place **after** the news, **not before.**

FIGURES OF THE WEEK

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX (see chart below).	*230.7	†230.7	230.1	235.1	239.9
PRODUCTION					
Steel Ingot Operations (% of capacity).....	96.9	96.0	96.0	97.1	99.3
Production of Automobiles and Trucks.....	20,340	19,180	20,900	18,930	18,730
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$4,740	\$4,638	\$4,034	\$5,358	\$6,528
Electric Power Output (million kilowatt-hours).....	4,538	4,524	4,397	4,265	4,567
Crude Oil (daily average, 1,000 bbl.).....	4,704	4,713	4,727	4,523	4,377
Bituminous Coal (daily average, 1,000 tons).....	2,006	†2,018	1,992	2,082	2,189
TRADE					
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	84	85	87	82	83
All Other Carloadings (daily average, 1,000 cars).....	51	56	62	63	61
Money in Circulation (Wednesday series, millions).....	\$25,107	\$24,997	\$24,674	\$22,255	\$20,135
Department Store Sales (change from same week of preceding year).....	+13%	+17%	+6%	+7%	+7%
Business Failures (Dun & Bradstreet, number).....	10	26	22	22	40
PRICES (Average for the week)					
Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	251.1	248.9	248.4	249.8	246.9
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	166.2	165.2	163.1	164.9	160.7
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	223.3	221.3	222.6	224.0	217.3
Finished Steel Composite (Steel, ton).....	\$56.73	\$56.73	\$56.73	\$56.73	\$56.73
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$18.67	\$16.08	\$19.17	\$19.17
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.61	\$1.59	\$1.59	\$1.61	\$1.61
Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.74¢	3.74¢
Cotton (middling, ten designated markets, lb.).....	21.52¢	21.43¢	21.48¢	21.45¢	19.71¢
Wool Tops (New York, lb.).....	\$1.340	\$1.340	\$1.340	\$1.340	\$1.314
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢
FINANCE					
90 Stocks, Price Index (Standard & Poor's Corp.).....	104.1	102.3	102.0	98.8	91.1
Medium Grade Corporate Bond Yield (30 Raa issues, Moody's).....	3.50%	3.50%	3.55%	3.60%	3.83%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.70%	2.71%	2.73%	2.72%	2.74%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1%	1%	1%	1%	1%
BANKING (Millions of dollars)					
Demand Deposits Adjusted, reporting member banks.....	35,824	38,539	37,627	36,879	34,075
Total Loans and Investments, reporting member banks.....	58,603	55,093	53,570	50,032	50,535
Commercial and Agricultural Loans, reporting member banks.....	6,382	6,274	6,287	5,870	6,395
Securities Loans, reporting member banks.....	3,766	2,954	2,504	1,836	1,986
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	43,066	40,514	39,467	37,027	36,823
Other Securities Held, reporting member banks.....	2,934	2,914	2,864	2,850	2,786
Excess Reserves, all member banks (Wednesday series).....	1,400	1,200	900	818	1,238
Total Federal Reserve Credit Outstanding (Wednesday series).....	19,130	19,520	18,655	15,183	11,540

*Preliminary, week ended Dec. 9th. †Revised. ‡Ceiling fixed by government. §Date for "Latest Week" on each series on request.



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War Contract Prices Trimmed

Review of all major contracts and subcontracts means tighter cost control in 1945. New pricing program, providing incentive for more efficient operation, eventually may replace renegotiation.

War contractors laying plans for the coming year can count on one thing: The government is going to insist on closer pricing and tighter cost control from here on. If there is any extra cushion in a contractor's prices now, it probably will come out before the end of 1945.

• **Taking Out the Fat**—Army and Navy procurement officers have just started a comprehensive review of all major contracts and subcontracts designed to trim any prices that they consider to be out of line. Their object is take the fat out of prices in advance instead of paying it out and then getting it back through the process of contract renegotiation.

So far, contractors haven't heard much about this new pricing program, but eventually its effects will percolate throughout the business system. In the coming year, most of the contracts that are now subject to renegotiation—as well as a number that are not—will go through the repricing screen. By no means all of them will be ticketed for repricing negotiations, but all will get at least a preliminary analysis designed to

spot prices that might be shaved closer.

• **Resembles Renegotiation**—Contractors will find that in some respects company pricing resembles the familiar renegotiation process—applied to future deliveries instead of to past business. Like renegotiation, repricing deals with all of a company's contracts at the same time. And like renegotiation, it frequently will take a sizable bite out of the contractor's income.

There are two big differences, however, aside from the fact that repricing involves a future commitment while renegotiation is essentially a postmortem: (1) Repricing is concerned with costs rather than with profits; it takes account of profits only when they indicate that prices could be lower. Renegotiation is expressly designed to recapture excessive profits. (2) The law sets no expiration date on repricing. Renegotiation will not apply to business done after June 30, 1945, unless Congress gives it an additional lease on life. President Roosevelt already has used his statutory authority to extend it six months beyond Dec. 31, 1944, the original cutoff date. Repricing has a different legal basis

(Title VIII of the 1943 revenue act) from renegotiation.

• **More Liberal Margin**—As things look now, repricing eventually will displace renegotiation entirely, unless Congress passes a new renegotiation act. For the present, both programs are running side by side. Renegotiation officials have promised to compensate contractors who work under close prices by allowing them a more liberal margin of profit, but in most cases a repriced contract will continue to be renegotiable.

Renegotiation authorities customarily allow a somewhat higher profit rate in cases where the contractor keeps his prices down and takes the same sort of risk he would have to assume under competitive conditions.

One company, for example, met the prices of other producers in 1942 but made a profit of 25% on government business. Renegotiation cut the profit to 10%. In 1943, the company trimmed its prices to the government 10% to 25% and wound up the year with a 12% profit on its renegotiable business. Price adjustment authorities allowed it to keep the full 12% on the grounds that it was entitled to a higher profit rate to compensate it for working on a slimmer margin.

• **Extra Incentive**—From a procurement officer's viewpoint, the big advantage of repricing is that the contractor carries a certain amount of risk, which gives him an extra incentive to hold down costs, economize on manpower and ma-

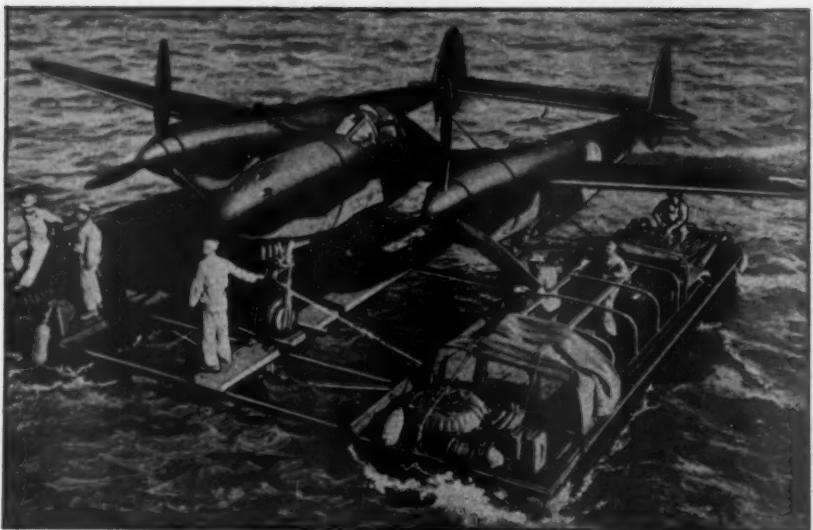


SEARCHING PARTY

With vital war production lacking an estimated 300,000 workers, War Mobilization Director James Byrnes' new advisory board has its work cut

out. Appointed by President Roosevelt, members attending the first meeting last week were (left to right): James Patton (farming); Nathaniel Dyke, Jr., George H. Mead, and Eric Johnston (business); William Green

(labor); Director Byrnes; O. Max Gardner, chairman; Mrs. Anna Rosenberg, and William H. Davis (public); and Albert Goss (farming). Absent were Philip Murray, and T. C. Cashen (labor), and Edward O'Neal (farming).



LIGHTNING LIGHTER

New among the many jobs done by amphibious trucks on the invasion fronts is their service as lighters to bring fighter planes ashore. Lashed together to form a catamaran, two of the Army "ducks" neatly land a fully

assembled P-38 where freighters are unable to dock. To General Motors Corp., developer of this 2½-ton truck, such versatility may suggest postwar markets because similar items of U. S. amphibious equipment have attracted interest in Latin-American countries where small lighters are in demand.

terials, and keep his organization at top efficiency, just as he would under competitive conditions where there is no extra margin of safety to cover added costs. The trouble with renegotiation, as far as the government is concerned, is that a contractor who lets his costs get out of hand simply makes a smaller refund.

This feature of repricing may be something of a selling point with contractors who want to keep in trim for postwar competition when costs will be crucial. A more immediate payoff is the possibility of easier treatment in renegotiation, and the fact that as war orders are cut back the government will try to give its remaining business to low-cost producers.

• **Has Less Reserves**—One disadvantage of repricing from the contractor's standpoint is that it pares down the contingency reserves he sometimes needs to protect him against unexpected cost increases. Procurement officers have developed several techniques designed to cover the contractor working on a close margin—for example, making prices contingent on volume—but the fact remains that risk taking can always cut two ways.

This danger is not so serious now as it was in the early days of the war program. By this time most contractors have a fairly accurate idea of their costs; hence the need for big contingency reserves is less.

• **Afraid of Upset**—The other thing that will worry manufacturers is the possibility that their established price structures will be upset just before they start back into civilian business.

This point doesn't particularly bother prime contractors, but it already has caused some jumpiness among subcontractors who are afraid that their big customers will get ideas. The subcontractors' argument is that if the government forces them to make a direct reduction in the price they charge their primes, they never will be able to boost prices again after the war.

What worries the subs is the fact that after the war they expect costs to rise again. They are afraid that if they let customers get used to a low-price structure, they will find themselves stuck with less-than-cost work as soon as volume tails off.

• **Amounts to Lower Price**—The Army and Navy haven't yet agreed on how to handle this touchy problem. As rule of thumb, both think that the ideal repricing agreement should provide for a direct cut in prices rather than for any sort of rebate, but where a subcontractor can show that direct price reductions would get him into serious postwar troubles, the Army may let him rebate direct to the government.

The terms of the rebate must be settled in advance, and they may not be contingent on profits. The result is that

the government gets what amounts to a lower price, but the prime contractor pays according to the catalog. The disadvantage, of course, is that the prime gets his regular markup on the additional cost he pays the sub.

In practice, the Army's rebate system has worked something like this: A drug company agreed to cut its price from \$80 a kilo to \$60 a kilo on a product that was resold by its dealers partly to the Army and partly to civilian trade. Instead of reducing its price to the middlemen who supply the Army, the company sells at its regular figure and makes quarterly rebates to the government designed to bring the price on Army purchases down to \$60 a kilo.

• **Navy's Method**—So far, the Navy permits a rebate only when subcontractors' sales for war use have to be determined by applying a percentage to their total business instead of by tracing orders.

Procurement officers think difficulties of this sort will smooth out as the company pricing program develops. Although there is nothing new about repricing of individual contracts, experimental company-wide pricing as an official program began only last March, and the Army did not put it on a comprehensive basis until September.

• **Joint Process**—Under the present system, the first screening in the repricing procedure starts when a company comes up for renegotiation. If district procurement officers think prices could be scaled down, they work over their data and start repricing discussions at the same time that renegotiation discussions are going on. Where possible, the renegotiation agreements for the past year and the repricing agreements for the coming period are buttoned up at the same time.

Repricing discussions are designed to produce "agreements" or "understandings." Agreements, in Army terminology, specify definite changes to be made in the contractor's price list. Understandings refer to general changes in his methods of cost accounting, purchasing, or the like. Where only a few articles are involved, the services usually ask for a dollar-and-cents reduction, but if the list is long, the agreement may specify the allowance of a percentage discount.

• **Threat in Hand**—Company pricing as it is now set up is supposed to be a voluntary procedure, but the services have a club to swing if necessary. The 1943 revenue act specifically authorized the Army and Navy to issue mandatory repricing orders to suppliers whose prices they consider too high. Once a manufacturer has received a mandatory order, he has to deliver his product at the specified price and seek his remedy in court.

Unwelcome Pact

Petroleum council, told Anglo-American oil compact is coming anyway, accepts limited interpretation of agreement.

Unwillingly, representatives of the U. S. oil industry have agreed to accept a limited interpretation of the already limited Anglo-American oil compact. Negotiated last summer, the pact still awaits formal ratification.

• **Council Assents**—In Washington last week, members of the Petroleum Industry War Council were told that there would be a compact, whether they liked it or not, and that they had better stay in session until they could say, "yes," or "no," to their own committee's carefully tailored version. At the end of a long day of argument, they said, "yes," with the stated reservation that they might reconsider, in the future.

In so doing, they reached something of another milestone in the affinity between American business and the world market, for an oil agreement is in line with all of the British and American efforts now being made to write the peace in the practical language of trade. Others in the mill involve aviation (BW—Dec. 9 '44, p15), copper (BW—Dec. 2 '44, p19), and cocoa (page 32). The P. I. W. C. action acknowledged the need for such agreements, and, reluctantly or not, oilmen have undertaken to fulfill any responsibility they may have in the matter.

• **Not An Agreement**—Ever since the Anglo-American oil pact emerged last summer (BW—Aug. 12 '44, p112), some of the industry's articulate members have been lambasting it right and left, as the instrument for delivering domestic business into the hands of (1) government, and (2) a British-dominated cartel (BW—Oct. 14 '44, p22).

The pact now under discussion has no control provisions through which such far-reaching changes could eventuate. It is, like the Bretton Woods financial pact, a minimum understanding rather than a full-fledged international commodity agreement. No powers to establish prices, regulate production, or divide markets are provided—the commission which the compact would set up would have authority only to investigate, recommend, or advise.

• **Provisions Clarified**—The American industry's version of the agreement would specify that the commission's actions shall not bind a signatory government or its nationals; that no provision shall apply to the domestic pe-

roleum industry of either country, and that both countries are free to limit imports.

The industry is less afraid of the tentative agreement than of what it thinks would result from such an agreement. It is in speculation over future policy that the fundamental disagreement between British and American trade policy, evident at the recent air conference, stands most sharply revealed. The British, it is charged, want an understanding that British influence and prerogatives will be maintained at the all-time peak, and that production and markets will be allocated accordingly. The Americans want what they consider "fair play" rules with plenty of room inside for private competition.

• **Oil Surplus Inevitable**—Until this difference is ironed out, no United Nations economic agreements can be written in practical, specific terms.

In coming around to the position that a world oil agreement is partly their re-

sponsibility, oilmen have been impelled by practical considerations. They are beginning to realize that there will be a surplus of oil in world markets the moment that war machines stop gulping it down.

They also realize that the alternative to a reasonable world agreement is wide open production in the oil-rich Persian Gulf area (BW—Jul. 15 '44, p22), which would knock the bottom out of domestic prices, ruin thousands of small producers in this country, and have other domestic repercussions.

• **Something Is Added**—The industry committee deleted a reference in the proposed compact to "fair prices," as too vague to be useful. The word, "peaceable," was eliminated from a clause that would assure oil supplies to "the nationals of all peaceable countries."

But the industry added provisions that world oil should be distributed "without discrimination based on na-



FLYING SHARPSHOOTER

An aerial gunner sharpens his aim on one of the amazing new machines of war—the B-29 bomber's central gunnery control developed by General Electric which has 20,000 workers producing it. This training setup, now off the Army's top-secret list, is only part of the intricate instrument that puts a superhuman "brain" behind Superfortress guns. Operated by a complexity of electronics, optics, and mechanics, the controller permits

gunners in warm pressurized cabins to aim and fire remote twin-gunned turrets as units or in combinations. This is made possible by the device which keeps the B-29 guns accurately aimed at enemy planes as gunners "track" them with its optical and electrical sight. Windage, gravity, parallax, and lead are automatically compensated by a computer. The resulting curtain of 50-caliber machine gun fire explains the extremely low losses suffered in raids on Japan by relatively lightly armed Superfortresses.

tionality" and "on a competitive basis."

The original Atlantic Charter provisions which the oil men didn't think necessary as a point of reference pledged the U. S. and Britain to "endeavor, with due respect for their existing obligations, to further the enjoyment by all states, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity."

• **Safety Clause Inserted**—The industry committee wrote into its version some additional language considered vital to the U. S. oil business. All major oil companies are under what they call a Mother Hubbard (coverall) indictment obtained by the Antitrust Division of the Dept. of Justice on which action is being withheld until the war is over.

With this in mind, the committee inserted a provision that any compliance with decisions of the proposed international petroleum commission "shall not be deemed an infringement of laws with reference to restraints of trade."

• **General Policy Guide**—The foreign oil policy that is now being fought out, perhaps as a cornerstone of foreign trade policy in years to come, dates back to the approximate time of the historic Roosevelt-Churchill Atlantic conference, four months before Pearl Harbor (BW—Aug. 23 '41, p7). State Dept. negotiators had begun to settle U. S. oil disputes with Mexico, as the basis for a vital understanding on military security. State proceeded to enter

into similar understandings with other countries, with fair success except in the case of Argentina.

Principles accepted in the course of these negotiations continue to guide general policy. In broad outline, they include understandings that "equitable" division of oil revenue should be made, to give each country the benefit of its own natural resources and private capital and initiative a fair return; that American oil companies should have fair access to the courts for arbitration of property disputes; that conservation rules should be observed; and that oil owning countries should live up to the terms of their contracts.

• **Stettinius Is Key Man**—The original concept of a Petroleum Reserves Corp. which was organized in June, 1943, grew from State Dept. efforts to guide all diplomatic oil dealings through one government channel.

Significant for future oil policy is the fact that the Secretary of State has veto power over any action of Petroleum Reserves Corp.

Thus, although Petroleum Administrator Harold L. Ickes heads Petroleum Reserve, and although its board is appointed by Foreign Economic Administrator Leo T. Crowley, the key man in oil policy is Secretary of State Edward R. Stettinius, Jr. (page 112).

As acting Secretary of State and acting head of the American oil delegation last summer, Stettinius signed the Anglo-American agreement in behalf of the U. S. government negotiators. He could hardly abandon it now.

Bomber Tip-Off

Congressional testimony reveals that new giant craft are on the way, but details are still a military secret.

Long before the veil of secrecy was lifted from the B-29 Superfortress, its existence was disclosed in the pages of the Congressional Record. Now from congressional testimony it is revealed that still larger and radically different bombers are on the way.

• **Under Development**—These new designs are no secret to the inner circle of the aviation industry. Their development was started several years ago, and is part of the continuous parade of research, which characterizes the rapidly changing technology of the aviation industry.

Details of the new planes must be kept secret, but speculation is a commonplace in aviation circles.

• **By Comparison**—A hint as to the design of the Consolidated-Vultee B-36 is found in its commercial counterpart, the C-37, now about ready for test flights. The industry knows the C-37 will be capable of carrying 150 passengers and 30,000 lb. of baggage at a cruising speed well above 200 m.p.h. As many as 400 passengers could be carried under emergency conditions for short flights.

The wing span is about 230 ft. and the length 182 ft. Gross weight is more than 130 tons. Six 3,000-hp. engines with pusher propeller installations constitute the power plant.

The C-37 is a midwing type of monoplane with an all metal structure. New alloys containing a considerable amount of magnesium are used.

• **Flying Wings**—Since the early days of aircraft, design engineers have dreamed of eliminating the airplane fuselage and carrying passengers, cargo, and fuel within the wings. The saving in drag or resistance of the fuselage passing through the air would increase the over-all efficiency of the aircraft greatly. After more than 20 years of research and development, a successful "flying wing" has been perfected and has been undergoing test flights for some time. It is believed that the plans for our superbombers include a large craft of this type.

The inherently high efficiency of a flying wing converted into bomb load capacity would make it possible to carry a huge bomb load over a great distance. Bomb loads of 40,000 lb. over a considerable range would not be fantastic with this type of ship.



COWBOYS' PEGASUS

Tomorrow's home on the range will probably need a landing strip and hangar. Swooping out of the blue (above), pilot Walt Williams of Laramie, Wyo., is one of several flying cowboys herding wild horses off fed-

eral lands into corrals. Meeting the expected disapproval of chaps-wearing riders, such speedup methods are nevertheless sponsored by the grazing service of the Dept. of Interior. To bolster the military larder, the department is giving priority on federal grazing ranges to cattle and sheep.



Main conversation piece between such National Assn. of Manufacturers' members as (left to right) Eugene Grace, Bethlehem Steel; Andrew W. Robertson, Westinghouse Electric; Winthrop Aldrich, Chase National Bank;



William B. Bell, American Cyanamid; Ernest T. Weir, Weirton Steel; and Colby M. Chester, General Foods, was not reconversion. It was how to keep vital war production on the main track until final victory.

War Congress

N.A.M. meeting centers on production for battle, but prepares members for the jobs that will come later.

Reconversion to thinking in terms of increased war production, rather than to peacetime activities, appeared as the prime objective of the War & Reconversion Congress of American Industry held by the National Assn. of Manufacturers in New York City last week.

This 49th annual meeting of N.A.M. summed up its work in a formal pledge that nothing shall be allowed to stand in the way of delivery of everything that the armed forces may ask to achieve victory.

• **Report From the Front**—The convention opened with Lt. Gen. Brehon B. Somervell's declaration that increased production will be necessary to defeat Germany, and that "it will take more tons, hauled more miles, to destroy a Jap than it takes to destroy a Nazi."

It closed with a report by Frederick C. Crawford, former N.A.M. president, on his recent visit, with five other industrialists, to the European front—an experience of which he said: "We solemnly pledged ourselves to return to tell all Americans who love their country to re-enlist in our war for freedom."

• **"Victory for Freedom"**—The platform of N.A.M. for the coming year set forth the convention's resolutions under the heading, "Victory for Freedom," which was added evidence of the recent revision in the thinking of indus-

try's leaders on the basis of the present war situation. Original plans had been to present "Industry's Program for Peace." Longer-range philosophizing came down to an elaboration on the assertion that, when peace comes, it must provide for an American system of free enterprise, based on individual responsibility, private property, and free competition.

Incidentally, this section of the platform placed industry squarely in opposition to cartels. B. E. Hutchinson, chairman of the Resolutions Committee, halted reading of the text to emphasize that business does not believe that cartels can be reconciled with the principles of free enterprise. Robert M. Gaylord, retiring president, added to the record the statement that, while private enterprise can withdraw from competition with cartels if operations prove unprofitable, government-sanctioned cartels can bring governmental conflict, and thus sow seeds of war.

• **Labor Problems Stressed**—Ira Mosher of Southbridge, Mass., new N.A.M. president (BW-Dec. 9 '44, p16), brought to the convention a declaration that labor and management must find a basis for cooperation, and promised to devote himself to the prime purpose of effecting such teamwork.

Melvin H. Baker, chairman of N.A.M.'s Committee on Industrial Relations Policy, called for the outlawing of strikes against government, prohibition of strikes and sitdowns to restrict use of improvements in production methods, and denial of the benefits of law in cases where legal machinery to prevent strikes is not used. But other speakers besought management to avoid considering labor problems as legal problems, and to neutralize the im-

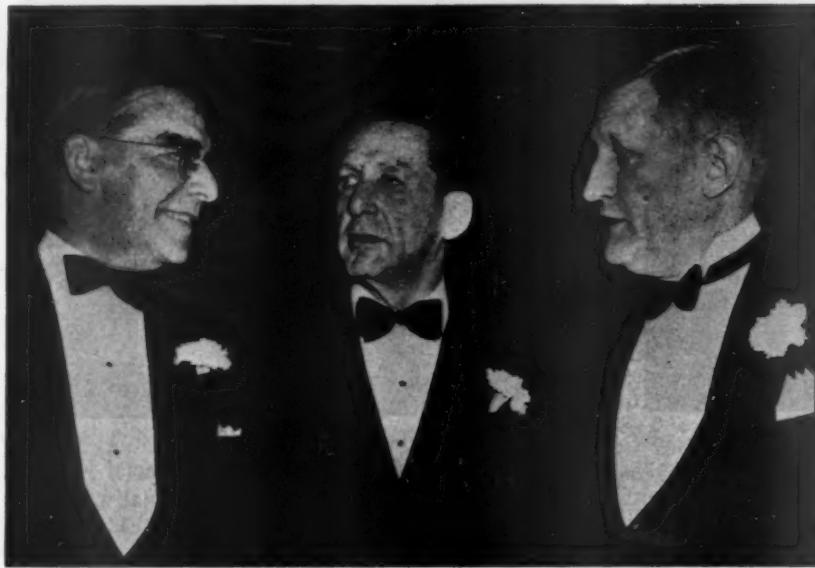
personal guise of big industry by devoting more executive time to humanizing relations with the man at the machine.

• **Tax Proposals**—Among many other convention high points was the report of H. E. Humphreys, Jr., chairman of the Committee on Taxation, who presented a composite picture of industrial opinion based on a series of regional tax forums and questionnaires. Businessmen almost unanimously favor a peacetime plan of federal debt retirement, he said, and suggested setting aside nine billion dollars annually. This would meet interest payments and retire the present debt in less than 60 years.

Corporation executives realize that high taxes must prevail for some time, he added, but 92% of the leaders queried urged a reduction in excess-profits taxes following the defeat of Germany, with suggested rates ranging from 50% to 70%. They also felt that corporation normal and surtax rates should be brought down to about 30%. A balanced peacetime budget, Humphreys said, could be achieved with a 50% reduction in individual income tax rates, and a corporation rate of about 25%, if total government expenditures were limited to 20 billion dollars annually.

• **For Postwar Selling**—Paul G. Hoffman, chairman of the Committee for Economic Development, and John M. Hancock, coauthor of the Baruch-Hancock report on reconversion, emphasized the importance of the role of businessmen in a great cooperative effort to achieve a 30% to 35% increase in peacetime output.

Such an increase, Hoffman said, would mean jobs for 53,000,000 to 56,000,000 civilians, which, in turn, would call for increased selling efforts. And Howard W. Blood, chairman of the



Ira Mosher (left), N.A.M.'s president-elect, gleans useful hints and warnings for his coming job from Frederick Crawford (center), who held the post in 1943, and from Robert M. Gaylord, who leaves the office next January.

N.A.M. Committee on Distribution, stressed the need for better and more scientific knowledge of distribution costs as one means of directing effort along more productive lines.

• **Foreign Trade**—Foreign trade problems came in for considerable convention discussion as Earle W. Webb, chairman of the Postwar Committee of N.A.M., asserted that prosperity in America in the postwar era can come only with a healthy, vigorous foreign commerce, and Dean Acheson, Assistant Secretary of State, reported that the government proposed to proceed with its ten-year-old program of removal of commerce barriers through the trade agreements program.

From Edward Riley, vice-chairman of the United States delegation to the recent International Business Conference at Rye, N. Y. (BW—Nov. 25 '44, p121), the convention heard that, "whether or not our tariffs are lowered to still further stimulate an increase in our imports, the simple fact remains that imports must be increased, and our historic trade balance reversed, if we are not to find the whole structure falling down on our heads, as it did as a result of the amateurish policies we pursued after the last war."

In the crowded convention lobbies, through a crowded week of conferences, luncheons, and dinners, businessmen from all over the country talked of the new demands on war production, speculated on the transition problems that they expect to find on the program of N.A.M.'s 50th meeting in 1945.

Farm Tool Snag

Report that production of more machinery would be O.K.'d proves false. Materials and men are still too scarce.

When word got around last month that Washington was going to boost production quotas for farm machinery by 15%, many a farmer's hopes rose. Last week's meeting of WPB with its farm machinery industry advisory committee dashed this burgeoning optimism.

• **No Men or Materials**—With the Army again firmly in the saddle, the farm machinery quota boost has no chance. Rising military demands will absorb virtually all available manpower in the Midwest, where most farm equipment is manufactured. Anyhow, there are not enough of some of the more critical components available for even such essential civilian supply as this. Particularly short are malleable and gray iron castings.

Production of farm machinery for the third quarter of 1944 ran about 25% behind official manufacturing quotas. The industry's plants are currently winding up their production of spring-season machines, including tillage and planting types, and should soon start making harvesting and other autumn-use units.

• **Too Late for 1945 Crops**—It takes almost six months to get a major increase

in raw materials into the factories after the relaxation has been authorized by Washington. Hence, any boost in schedules now could have had no considerable effect on 1945 crop production.

No matter how optimistic others may have been in recent months, manufacturers cherished no illusions that their output of farm machinery could be increased importantly. Rather, they have been scrambling to keep from falling still further behind quotas.

• **Manpower Rating Helps**—Labor shortages of really serious proportions are general in the industry. Only within the past month have some of the larger producers obtained from the War Manpower Commission even a C rating on manpower referrals from the U. S. Employment Service.

Previously most plants had no rating, hence lost ground week after week. Since the C rating, manpower has been deteriorating a little less rapidly for the farm equipment plants to which the rating applies, but the situation is still bad enough so that even a slight push could tip the scales downward again.

• **Designing Around a Shortage**—Manpower shortage reflects itself in the foundries. Major manufacturers have been taking radical measures to get around the impediment to output that comes from the scarcity of malleable castings.

Two principal approaches have helped. One is re-engineering machines to eliminate all or some of their malleable parts. The other is dropping from the line those items which contain disproportionately large tonnages of this material.

• **Several Hundred Changes**—International Harvester Co. reports that its malleable situation remains approximately unchanged. Efforts to find outside sources of additional malleable castings have been unsuccessful.

Therefore, the firm's product engineers have made several hundred redesigns in an effort to break the bottleneck. Most of these changes get rid of relatively small pieces such as brackets and braces, and affect principally tillage tools such as plows and cultivators.

• **Dropping out Malleable**—The company has reduced production schedules of many horse-drawn tools (which were engineered many years ago, hence contain more malleable than is now customary in the industry), and are diverting the tonnage of castings thus saved to tractor-drawn tools.

Next chance for Washington to reconsider the farm machinery production quota in session with the manufacturers will probably come with the WPB industry advisory committee meeting in six or eight weeks. Nobody feels too hopeful about what this can bring forth.

Wildcatters' Spree

Stakes are high enough to attract swarms of outsiders. Though it's a long-shot gamble, there's another incentive.

Oil company executives view the wildcating activities of concerns outside the petroleum industry with a mixture of enthusiasm and apprehension. Wildcating involves the long-shot gamble of exploring for oil in areas where it is not known to exist.

• **Discoveries Welcomed**—Petroleum interests welcome the discovery of new pools by the outsiders because the country needs every thimbleful of crude it can find to make up for the war drain on vital underground reserves. But the hullabaloo calls attention to favorable taxation factors that oil men don't like to flaunt in the faces of less fortunate industries because Congress might decide to make changes.

The battle cry of the outsiders is, "Wildcatting at ten cents on the dollar."

They mean that the questing company puts up a dime and that the remaining 90¢ of the dollar is money that would otherwise have to be paid out in federal taxes anyway.

• **Stakes Are Exciting**—In the oil regions, as in districts where there is a gold strike, big and little businessmen of all types indulge in wildcating just as they play poker or shoot craps. It is a gamble for exciting stakes.

But when distant manufacturing companies and other interests with heavy cash surpluses buy into the game, something new is added. As often as not the adventurers lose their shirts; and pangs are felt in spite of the knowledge that the funds would otherwise have been taken by taxes.

• **Enough in Two Years**—David G. Gordon of Broderick & Gordon, Denver general contractors, confesses that he got his fill of wildcatting after two years.

"Wildcatting at 10¢ on the dollar looked like a good thing," Gordon laments, "but I wish I had my dime back. It's the toughest game there is. We had good geology and all the latest devices for prospecting, plus big leases.

"We have drilled 24 wells, two of them in association with John B. Hawley of Northern Pump Co. We drilled in California, Texas, Oklahoma, New Mexico, Wyoming, Kansas, Colorado.

"Two wells came in, both in Wyoming. So what? One produced gas for which we had no market. We capped it. The other flowed at 550 bbl. a day, but again we lacked market and trans-

portation facilities. It had to be choked back to 250 bbl. daily. We are cured."

• **Stormy Reputation**—Hawley has been called the most spectacular of the wildcatters. His Minneapolis pump company and his Northern Ordnance, Inc., earned him a brilliant if stormy reputation as an ordnance maker. In 1942 he jumped into wildcatting with all four feet (BW-Dec. 18 '43, p44), announcing that he was building a new business to take care of employees who would be jobless when gun output stopped. Since then he has drilled more than 300 tests in 16 states, many in areas lacking any previous suspicion of oil.

Most of his early holes were dry, but Hawley persisted and discovered fields in Montana, Oklahoma, Texas, Kansas. However, the game proved too rough for even Hawley's rugged disposition. In November it was announced that he was through wildcatting. Reasons given were increasing costs of drilling, lack of promising territory, low prices for oil and gas.

• **Brewer Enthusiastic**—The Peter Fox Brewing Co., Chicago, another big-time explorer, is more enthusiastic about its wildcat ventures. Associated with the company is the Architectural Iron Works, Chicago, headed by Herbert J. Schmitz. These interests paid about \$75,000 to Ace Gutowsky, drilling con-

tractor, for a wildcat test in the West Edmond area, Oklahoma City. In April, 1943, the well came in with a daily flow of 1,750 bbl.; it was the discovery well of the field.

F. G. Fox, president, and W. J. Fox, vice-president of the brewing company, now operate their oil business at Oklahoma City as Fox & Fox. They have 30 of the 250 producing wells in the field, from which they get an estimated \$1,500,000 annually. Schmitz is not interested in the present company but operates his own in West Edmond.

• **Centered in Chicago**—For some reason, perhaps the proximity of oil fields and huge refineries, Chicago is a center of outside wildcatters. An old hand at the game is North American Car Corp., which owns, leases, and operates special types of freight cars. It got into the business twelve years back when it took over a refinery and some leases. Operations were expanded in 1941.

North American now has some 30 producing wells in Texas, Oklahoma, Kansas, Montana. It drilled 26 wells in 1944. Involved was the discovery of a new gas field in the Kicking Horse structure near Shelby, Mont. The company's daily production is around 800 bbl.

• **Exploring Timberlands**—Chicago Mill & Lumber Co. is drilling on its cut-

Tax Laws Encourage Wildcatting

The charge that nonpetroleum companies undertake wildcat operations because they hate to pay war taxes is unfair to many of them. Manufacturing plants in the high-profit brackets must pay taxes of 90¢ on the dollar. But such companies must worry about ultimate reconversion to civilian production on a greatly reduced scale. Only 10% of their profits remains to finance the hazardous shift.

The oil industry has no reconversion problem and is sure of continued prosperity when millions of postwar motor cars start rolling.

Meanwhile the oil industry enjoys the advantage of the "intangible cost" item allowed by the tax laws. It authorizes the charge-off before taxes of all expenses for a contract drilling operation, for labor, and for administration. Casing, tubing, and other capital equipment items are nondeductible. The intangible cost deduction is an accepted feature of all mining operations.

Another lure for outsiders is the "long pay-out" afforded in mining and oil by the depletion allowance

clauses of the tax laws. Current rate for depletion—27 1/4% of gross income from the property (limited to 50% of the net)—is arbitrarily set by the Treasury. This amount is tax-deductible. Here's how it works:

Suppose that you pay \$1,000,000 for a pool containing an estimated 1,000,000 bbl. of crude. Suppose again that this year you took out 100,000 bbl. which represents \$100,000 of your investment. Since this production is a dissipation of irreplaceable capital assets, the Treasury allows under one procedure a deduction of about 27 1/4% on the amount of oil taken out, or \$27,500. A similar percentage could be charged for the take-out during the following years.

The Treasury considers percentage depletion allowances a "special privilege." It has tried unsuccessfully for several years to get Congress to abolish them. The deductions attract special attention in periods of high earnings for the oil companies, such as the present time. A review by the Treasury of the depletion and intangible cost allowances is expected.

over timberlands, in Tensas Parish, Louisiana. It has sunk six wells, one a producer, and will continue its exploration since its property is near an important field.

Nu Enamel Corp. is another Chicago company that has bought chips in the game—but by drilling in proven territory. Out of seven wells drilled, Nu Enamel and its allied interests have six producers. In addition to the usual persuasions, Nu Enamel went into the business because it had extra management available for new activities.

• **Two Producers**—In Kansas, the Weber Dental Mfg. Co. of Canton, Ohio, opened offices in Wichita and recently brought in two wildcat producers. McGuire Industries, Inc., of Dallas, a sub-

sidiary of Southwest Auto Ordnance Co., struck oil in McPherson County and is drilling in other Kansas areas.

Aero Parts Co. took a flyer in prospecting, but withdrew when the executive interested left the corporation. Beech Aircraft Corp. is drilling for gas near its plant with a view to owning its own source of fuel.

• **Easterners Try**—Eastern corporations also have responded to the urge. J. M. Huber Corp., New York, a leading manufacturer of printing inks, is one. It has 52,000 acres of oil lands and 35,000 acres of leases, is exploring an additional 18,000 acres, expects to drill 29 wells in 1944 (BW—Sep. 9 '44, p. 52). Another interested easterner is the Sharples Corp., Philadelphia centrifugal equip-

ment manufacturing and process engineering firm. It is drilling near Wishkah, Wash.

Vast areas of cut-over timberlands in the South and Southwest are sufficiently close to known oil fields to provoke wildcat interest. Unlike Chicago Mill & Lumber, most of the companies in these areas prefer to lease drilling rights and let somebody else take the gamble.

• **To Drill Test Holes**—Thus Lion Oil is reported to have agreed to drill test holes in Arkansas to probe 240,000 acres belonging to International Paper Co. and 120,000 acres of the Fordyce Mill & Lumber Co. Exploratory wells have been drilled in Mississippi on land leased by Masonite. Richmond Cedar Works, Norfolk, Va., has a lease agree-

Houses of Cotton Duck Stand the Gaff

Back in 1939, the Farm Security Administration decided to kill two birds with one stone—solve the farm housing problem and at the same time provide a market for surplus materials native to the area in which the houses were built. Thus cedar was to be used in farm houses in the Northwest, adobe in Arizona, and cotton duck in Alabama and Florida (BW—Oct. 28 '39, p. 20).

• **Deliberately Neglected**—Ever since the experimental houses were built in Alabama, engineers have been awaiting an answer to their question whether cotton duck is suitable material for use on the roofs and exterior walls of small, low-cost houses. Last week they had their answer, largely affirmative after an examination of two houses built in Alabama in 1939, and of eight in Florida built

the same year. Treatment of the houses differed.

Michael L. Mascia of Montgomery, Ala., area engineer for FSA, disclosed that for five years two of the buildings had been deliberately neglected. One (below), owned by C. W. Hall and located two miles north of Elba, Ala., had not been repainted or repaired. Not until recently, however, did a leak develop here and there in the roof. The house showed its first sign of mildew a year ago. It is to be repainted by Hall, who paid \$1,300 for the building on the same credit terms by which he bought his 97 acres under the Bankhead-Jones farm tenant act.

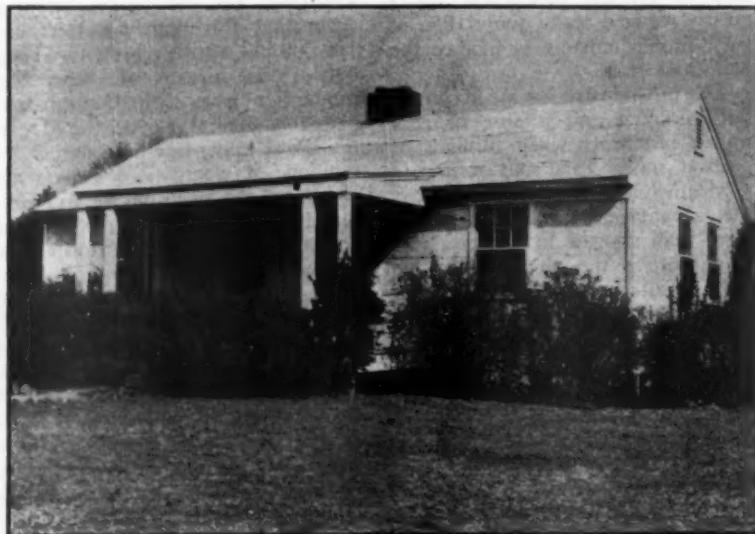
• **First Leaks Developed**—The second Alabama unit, 10 mi. from Elba, is occupied by E. H. Wise, who bought the house and 230-acre farm

last year. Early this year leaks developed in the roof which had not been touched since the house was built. Wise, assuming that the cotton duck roof had outlived its usefulness, purchased asphalt shingles. He removed the cotton duck roofing to find that it was still strong and durable, and regretted his decision to buy shingles. Wise, incidentally, will make his final payment on the property this year. He enrolled in the rehabilitation program in 1937. One cow, a few hogs, and household goods were his only worldly possessions. When he bought the farm last year for \$2,350, he paid \$1,500 down. This year his crop of nine tons of peanuts sold at \$160 a ton. He marketed three bales of cotton and twelve hogs which brought him around \$300.

The houses in Florida, which had been painted after three years, were declared to be in perfect condition when inspected last winter.

• **Conclusions**—Conclusions based on the five-year experiment: Cotton duck, like wood, requires periodic painting (about every four years) but with paint that is resistant to fire, water, mildew, and weather; it may last indefinitely if protected from mildew, and if securely glued to a firm surface, the houses are cool in summer, warm in winter due to the tight insulation provided by the cotton duck.

FSA reports many inquiries from private interests on the use of cotton duck in housing, but immediate discouragement comes from AA-1 ratings on cotton duck and on the compound used for surfacing the material.





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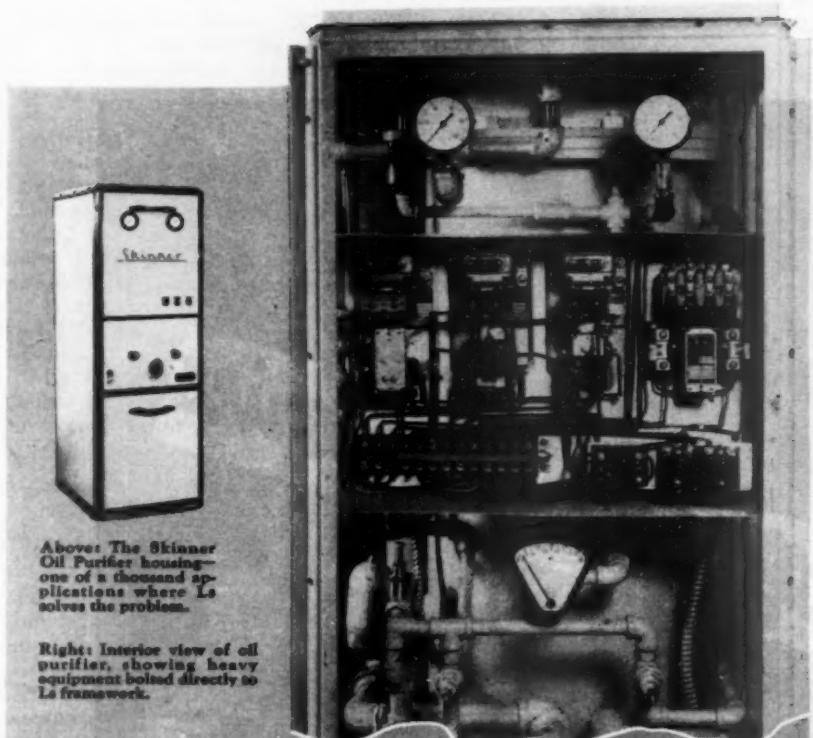


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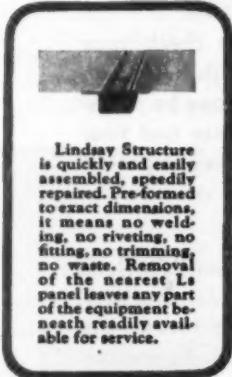


Above: The Skinner Oil Purifier housing—one of a thousand applications where Ls solves the problem.

Right: Interior view of oil purifier, showing heavy equipment bolted directly to Ls framework.

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Lindsay Structure is quickly and easily assembled, speedily repaired. Pre-formed to exact dimensions, it means no welding, no riveting, no fitting, no trimming, no waste. Removal of the nearest Ls panel leaves any part of the equipment beneath readily available for service.

Enameled Lindsay Structure houses the Skinner Oil Purifier, a compact unit used in reclaiming Diesels, aircraft, and other lubricating oils. Ls framing members alone support its motors, pumps, and high-capacity tank—no bulky, space-wasting reinforcements are necessary.

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ment with Standard Oil of N. J. covering 130,000 acres of its timber holdings in Virginia and North Carolina.

In Georgia a leading prospector, Harry Byers, Washington (D. C.) contractor. He and a Texas associate are drilling near Jesup on part of the 80,000 acres they have leased. Byers did a contracting job at Pearl Harbor, and handled other big construction jobs for the Navy.

• **Difficult to Trace**—Since there is no separate record of nonpetroleum industries' explorations it is impossible to call all such companies or to measure the result against their expenditures. Certainly they have helped uncover new reserves. But they, like the oil companies, have been handicapped by inexperienced crews, transportation lags, a lack of new equipment (wildcat drill calls for new and rugged gear).

In spite of all, wildcatting and other well completions have kept in line with government goals. Last year 17,884 wells were completed; in the first ten months of 1944 there were 20,124. In 1943 there were 3,843 wildcat wells, compared to 2,506 for the first eight months this year. The 1944 wildcat completions included 357 producing oil wells, 129 producing gas wells, and 2,020 dry holes—statistics which indicate the hundreds of underground explorations.

OIL SHORTAGE HITS COAST

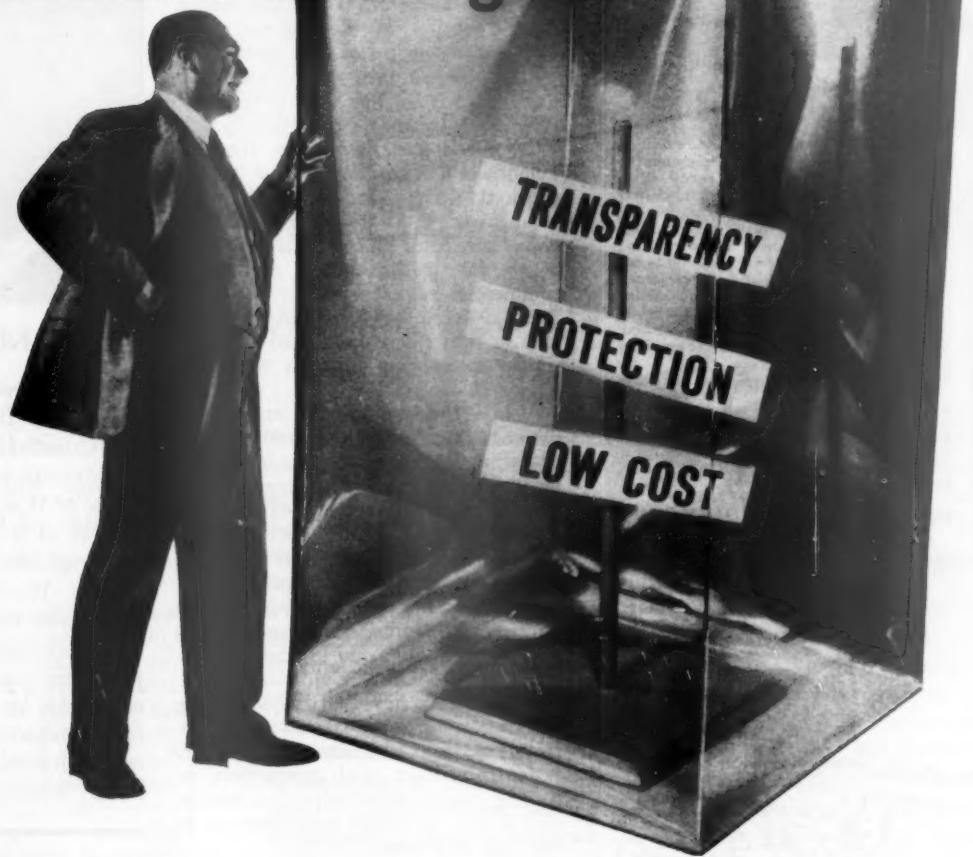
The Petroleum Administration for War last week was racing against the rushing winter to relieve a critical fuel oil shortage in southern California.

Sixty-six thousand hastily erected federal housing units in the Los Angeles industrial area, lacking gas pipelines, are heated by oilburning furnaces and stoves, which consume between 3,300,000 gal. and 4,000,000 gal. a month. Growing military demands on West Coast oil production have cut the fuel oil supply about 25%, and thousands of housing units equipped with oil burners (estimates range from 3,000 to 10,000) in Los Angeles industrial suburbs lack fuel for heating and cooking, too.

PAW late in November authorized dipping into the December fuel oil quota and last week announced that it had been assured that ample facilities exist to relieve the shortage, and that it had worked out with the oil men a program to meet the emergency.

A transportation bottleneck is partly responsible for the war workers' plight. Most housing units store fuel oil in 55-gal. drums, a week's supply in cold weather. Suppliers complain they cannot keep up with orders unless central storage facilities are provided at housing centers.

In what post-war package will you find all 3 advantages?



TRANSPARENCY . . . that keynotes the trend in modern retail selling . . . that permits a product to be its own best salesman . . . that capitalizes on the expanding growth of self-service, where emphasis is placed on product display. Post-war consumers will insist on choosing with their eyes. Transparent Du Pont Cellophane permits a product to take advantage of the greatest selling asset—visibility.

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LOW COST . . . and the whole trend of post-war planning is toward lower distribution costs. Packaging costs must

be kept in line. Since the introduction of Du Pont Cellophane, twenty price reductions have helped to make it a definite packaging economy in terms of the job it will do. Additional packaging economy is offered by the efficient performance of Cellophane on automatic wrapping machines.

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Phones for Autos

Pennsylvania Bell plans radio-telephone service for taxi and truck fleets, private cars, on a fixed fee basis.

Operators of bus lines, and taxicab and truck fleets, who have announced their intention to use two-way radio communication to facilitate operational control have planned to buy and operate their own radio systems (BW—Nov. 11'44, p31).

• **On Fixed Fee Basis**—Now the Bell Telephone Co. of Pennsylvania has announced surveys indicating that the company intends to offer radio-telephone service in Philadelphia and Pittsburgh for trucks, buses, and other commercial vehicles—and private automobiles as well—which will be available to subscribers on a fixed fee basis similar to existing business telephone service charges.

While the preliminary surveys are designed to determine whether firms operating large fleets of motor vehicles in Philadelphia and Pittsburgh are interested in such a service, officials said they hope to have the service available by late summer or early fall of 1945. The company first must get a wavelength allocation from the Federal Communications Commission, and have a rate schedule approved by the Pennsylvania Public Utility Commission.

• **Linked to Wires**—Bell is questioning trucking companies, taxicab firms, operators of armored trucks, store delivery systems, utilities, and newspapers regarding the feasibility of such a service, and is also soliciting suggestions as to the type of service.

Plans call for construction of short-wave transmitters in Philadelphia and Pittsburgh, and installation of switchboards to link the radio receiver in vehicles with existing telephone circuits. Vehicles equipped to use the system will carry compact short-wave receiving and sending sets, an antenna, and a handset telephone. In experimental installations, the phone is hung just below the dashboard.

• **Limited Range**—Autos on the highway will be called by giving the car's call number to a switchboard operator at a "central vehicular office." When the call comes through, a red light will glow on the auto's dashboard. Drivers of cars equipped with radio-telephones can make a call by lifting the 'phone, and an operator will dial the telephone of the person called.

Present plans call for service covering only vehicles moving within a radius



BYRNES' NEW HELPER

Farm politicians regard the appointment of J. B. Hutson, president of the Commodity Credit Corp., as a deputy director in James F. Byrnes' Office of War Mobilization & Reconstruction as a "promotion" over the head of Secretary of Agriculture Claude Wickard. Hutson will be responsible for blueprinting the transition of agriculture from war to peacetime operation. Wickard has made this his specialty since the war food production program was carved out of his bailiwick, put under War Food Administrator Marvin Jones.

of 15 mi. or so from a central point in a city. Later on relay stations, which will correspond to telephone exchanges, may be set up in outlying areas.

BASIC'S NEW WAR JOB

Something was in order for Las Vegas, Nev., when WPB stopped production at the giant Basic Magnesium, Inc., plant (BW—Nov. 25'44, p21). That something became a reality last week when Rheem Mfg. Co. officials flew in from New York City to announce that they would take "a substantial section" of the plant to make rockets and 81-mm. mortar shells.

But the announcement was greeted with mixed feelings in Las Vegas. Testimony brought out by Senator Pat McCarran of Nevada at November hearings of his joint congressional committee investigating industrial cen-

ization developed that it would be impossible, without further construction, to resume magnesium production in the plant later if it were put to the use. Rheem then contemplated. But Las Vegas continues to stew with reports that eastern influences are seeking to put the B.M.I. plant out of business.

Local newspaper criticism of Rheem's plans, which include \$3,000,000 in new machinery and rearrangement of plant facilities, emphasized that temporary wartime use of the plant for arms manufacture might permanently disable it for magnesium manufacture in peace-time.

A joint Army-Navy-Rheem announcement said that Las Vegas was selected because of its "excess of labor." A few weeks earlier the city had been removed from Group I, critical labor market, to Group III. Yet Rheem officials were met with a reported labor shortage, and immediately issued a public plea for workers to stay in the area.

Airport Problem

CAA asks billion-dollar program, but entire future of airports is befogged by the rapid changes in plane design.

The Civil Aeronautics Administration has asked Congress for a new \$1,000,000,000 airport construction program—3,050 fields to be built during the next five to ten years, mostly for private flying, air taxi, and chartered plane services. But CAA is afraid that aircraft design progress may overshoot the program, or cause it to be a misfit.

• **Crosswind Landings**—For example, airports of the future may be greatly influenced by swivel wheel landing gear. Swivel wheels are like bed casters: They can turn in any direction, enabling airplanes to land crosswind. On a plane with fixed wheels, landing crosswind tends to shear off the landing gear. But caster wheels, when they touch the ground, turn parallel to the direction of motion and to the runway.

Airports are expansive because they need runways in several directions to accommodate various wind directions. But if crosswind landings should become common practice, many fields would need only one runway.

• **Tried in England**—The British have swivel wheels on at least two types of their trainer planes, and are putting them on North American Aviation's P-51 fighter. Piper Aircraft of Lockhaven, Pa., builder of grasshopper planes, and probably other manufacturers, have tried swivel wheels with



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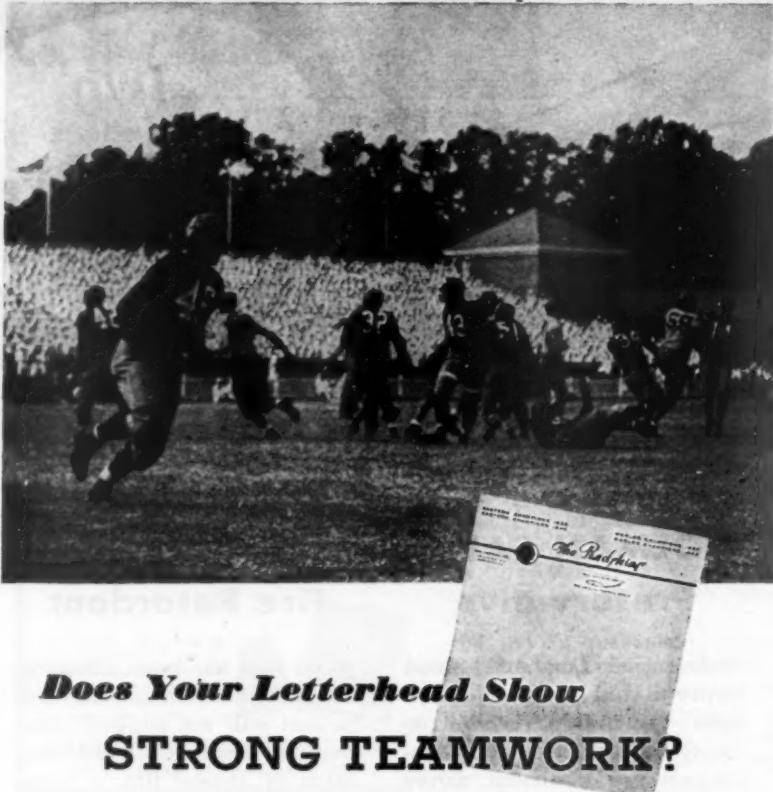
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promising results. But nothing has been proved so far as private aviation is concerned.

CAA is getting ready to conduct experiments. If this work were not done now, and castoring undercarriages should succeed in the course of two or three years, overexpenditures for airport land might be hard to explain.

• **Pleas for Silence**—Another problem is airplane noise. To be convenient, airports for personal and taxi-charter flying should be close to town. The Aeronautical Chamber of Commerce is campaigning for 20,000 "airparks" mostly within municipal limits, most of them to get federal aid under CAA's program.

But some municipal leaders are already screaming for silence. Robert Moses, New York City's park commissioner, for instance, says that air flitters shall not buzz over Manhattan, and that there will be no airparks in Central Park.

Much has been done to insulate occupants of airplanes from noise, but outside noise still accounts for a lot of decibels. There are ways of dampening outside noise, but not much work has been done about it. A lot of fields will be built, despite objections to noise, in and near municipalities. Then when the "grasshopper plague" comes along, sleepless citizens might demand that they be closed.

• **Can Be Dampened**—An airplane engine can be, and has been well muffled experimentally. The hard job is to quiet the propeller, which makes the most noise. A helicopter has no propeller (the torque-balancing air screw is being removed from the tails of new models) and the lift rotor turns so slowly that it merely swishes softly.

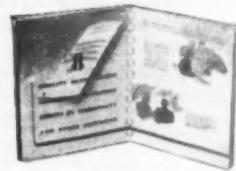
If helicopters win the contest for popular favor, then fields built far out, because of airplane noise, would be all but useless. Far-out ports would be a disappointment in any case, for it is agreed that the utility of personal airplanes based far from owners' homes is doubtful.

• **Engineering Problem**—If roadable airplanes (fold the wings and drive from field to garage) or combination plane-and-auto machines, such as the York Commuter (BW—Aug. 5 '44, p44), should dominate the market, far-out fields would be partially acceptable. Such flying automobiles, however, present very difficult problems in weight, engineering, and cost.

The entire future of airports, including those for scheduled airlines, is befogged in the uncertainty of airplane design. Flying boats are lagging commercially. But if they did forge ahead water might be a lot cheaper in excavated runways than runways of concrete. At least one concern has tried

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"... and everyone's been swell to me, Boss!"

"I was scared when you asked me to step into your shoes. Managing an insurance agency is a big job.

"But then I thought of the hundreds of other women pinch hitting for insurance men now in the service, and I decided to try.

"I'm glad I did, Boss.

"Because everyone's been swell to me! They're patient and understanding when I need a little extra time to solve their insurance problems. They don't expect me to have all the answers on the tip of my tongue like you used to have.

"Now I can see why you always said an insurance agent has the best job in the world! Your job will be here waiting when you get back, Boss."

P. S. Boss, she's doing a swell job!



Not so long ago they were wives, assistants or secretaries. Now, and for the duration, they're Hartford Agents! In scores of communities they're doing their jobs well . . . in spite of the many changes and adjustments made necessary by wartime conditions. Their "bosses," the Hartford agents now in service, can be proud of 'em!

"Everybody TALKS about the weather . . ."



You'd be surprised, the number of good businessmen who *do* something about the weather. Any project that may suffer financial loss because of rain, can be insured against rain. Fine for outdoor concerts, expositions, fairs, sporting events, etc.

Are you risking your right to drive?

In any state having a financial responsibility law, you may lose your right to drive if you have an accident and can't pay a resulting damage award. Hartford Automobile Insurance safeguards your right to drive while also protecting you against financial loss. Your car is pretty important these days. Ask your Hartford agent or your insurance broker to explain the law in your state.



Watch those "dangerous dollars"



Part of your income is earmarked for necessary living expenses. If extra dollars are left, watch out! They can be "dangerous dollars"—if you let them go on a buying spree...they can invite inflation, raise the cost of everything you buy—including necessities. Instead, put your extra dollars into good, non-inflationary investments. Money spent for War Bonds and insurance is *not* inflationary. And cost of insurance in general is down, not up!

Picture of a big bond buyer

The Hartford companies—symbolized by the familiar Hartford stag—have invested more than eighty millions of dollars in U. S. Government bonds. Not only is this money paying for planes, tanks and guns for America's protection . . . it's invested *safely* for the security of Hartford policyholders.



HARTFORD INSURANCE

Hartford Fire Insurance Company

Hartford Accident and Indemnity Company

Hartford Live Stock Insurance Company

Hartford, Connecticut

Writing practically all forms of insurance except personal life insurance



Listen to
LELAND STOWE'S
News Analysis

Blue Network
Saturday evenings—
see your local paper
for station and time

a cheap antifreeze for water runways in winter.

• **Experiments Pushed**—Wartime progress on jet assisted takeoff—rockets—and on shipboard catapults, and arresting gear for short landing, point to much effort toward development of such facilities for civil flying. The bane of aviation is the space required to get off and on the ground.

Industry Flies

Army releases more than 100 planes for essential civilian use. Plants offer substantial post-war market for aircraft.

Recognizing the need of war plant executives and key personnel for quick and convenient transportation, the Army within the past few months has released more than 100 new airplanes for essential civilian use.

• **Aid to Production**—More than half the planes have been assigned to aircraft manufacturers and a few to individuals, but most of the planes will be used in industrial plane service to expedite war production.

Typical of the war uses of the company planes is the operation of the Four Wheel Drive Auto Co. which four years ago began flying company execu-

tives, mail, urgently needed parts and materials, and customers to and from its Clintonville (Wis.) plant to Chicago, Milwaukee, and other cities in the area (BW—Aug. 19 '44, p59).

• **Allocated by MAB**—The planes now available are not declared surplus but are allotted under a procedure in which the Munitions Assignment Board and the Joint Allocation Committee approve the reassignment. The Civil Aeronautics Authority then licenses the airplanes in the regular way.

Among the companies which have been allocated planes recently are Superior Oil Co., Union Oil Co. of California, General Motors Corp. (three), Standard Oil Co., Hercules Powder Co., Emerson Electric Manufacturing Co., Eclipse-Pioneer Division of the Bendix Aviation Corp., the Halliburton Oil Well Cementing Co., Phillips Petroleum Co., Ford Motor Co., Firestone Tire & Rubber Co., Brown Shipbuilding Co., Inc., Manning & Brown, Inc., Goodyear Tire & Rubber Co., Fullerton Oil Co., Bechtel McCone Corp., Celanese Corp. of America, Rubber Development Corp., and Wire Bound Box Co.

• **Market for Planes**—A recent survey of the members of the Automotive & Aviation Parts Manufacturers, Inc., of Detroit bears out airplane industry expectations that corporate ownership of airplanes will increase after the war.

Of 145 companies answering a ques-

tionnaire, 31 indicated interest in buying or leasing a plane for executive travel. Eight plan definitely to buy after the war is over, while seven will buy or lease, depending on which arrangement seems more advantageous. Twelve plan to lease. Four others may buy depending on cost and utility.

• **Large Models Preferred**—Seven of the companies in this group prefer two-engine jobs. Most of them want planes to carry four to eight passengers in addition to the pilot. Three firms stated a preference for minimum capacity of six places.

Of those answering in the survey, five companies now own planes outright. Another leases a three-place ship on an exclusive basis, while a seventh rents planes for specific flight. Two have executives who own planes which are operated on company business.

Cocoa Bombshell

Britain's statement of policy makes it virtually certain that one-agency sale of cocoa will continue after war.

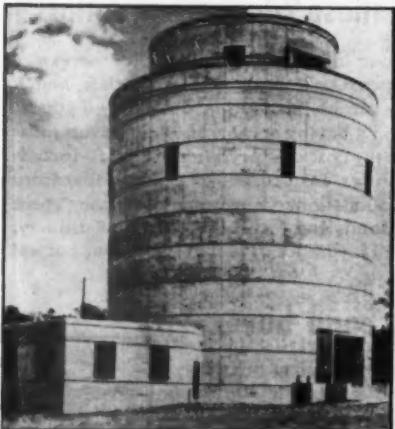
Anticipated arrivals of around 800,000 bags of cocoa this month will be nearly 25% above any previous month in the past five years, boosting 1944 cocoa arrivals back to a level exceeded only twice in the last two decades.

• **British Policy Revealed**—For three years American cocoa importers and manufacturers have watched the trend in world cocoa movements with growing alarm. Gradually, while shipments have been impeded by higher-priority ocean cargoes, stocks in the United States, world's leading cocoa consumer, dwindled from 13 or 14 months' supply to two months, while Britain, which controls the world's largest cocoa producing area, has accumulated an unprecedented backlog—from a three-month to a full year's supply.

But alarm, tempered by consideration of war circumstances, gave way to unified, vocal protest last month following official pronouncement of Britain's future cocoa policy, submitted as a White Paper to Parliament by the Secretary of State for the Colonies.

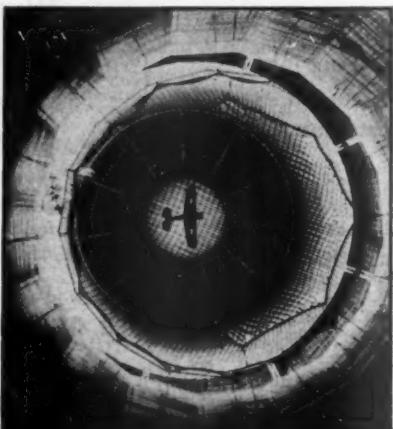
• **One Agency Controls**—With the White Paper, the fear that emergency wartime centralization of African cocoa marketing in the hands of a single United Kingdom agency might be maintained after the war became virtually a reality. With parliamentary approval, that will be the case from October, 1945, onward.

The British White Paper proviso



CONCRETE TEST TUBE

A fortress-like concrete tower (left) at Wright Field, Ohio, houses the latest in vertical wind tunnels. In this 80x16-ft. cylinder (right), scale models of airplanes are actually flown for tests that are impossible with horizontal tunnels. Power is delivered by a 1,100-hp. electric motor which drives a 16-ft. wooden propeller to attain a 100-



m.p.h. air speed. In such up-drafts the model is controlled by technicians through magnetic fields which activate the plane while movie cameras record results. Already working on radically designed future aircraft, this tunnel saves the Army time, money, and perhaps lives. Reason: Models are built easily and quickly; and if they flop, they dive into the nylon safety net—at no cost of life or limb.

LOOK AT THE RECORD...TO SEE THE FUTURE FOR RAYON

THE AMERICAN VISCOSE CORPORATION has tried to keep you informed of rayon's tremendous wartime progress, even though you will not be able to enjoy many of the benefits until after the war.

This company's program of continuous research has been a vital force in fitting rayon for its varied and important role in the war effort. This wartime

role holds forth a great promise for the peacetime future. For it means that, at war's end, rayon will be ready and able to make further contributions to the better life for which we now work and pray and fight. If you would like further information on any or all of the applications illustrated, write American Viscose Corporation, 350 Fifth Avenue, New York 1, N. Y.

A Calendar of Progress



AMERICAN VISCOSE CORPORATION

Producer of CROWN* Rayon Yarns and Staple Fibers

Sales Offices: 350 Fifth Avenue, New York 1; Providence, R. I.; Charlotte, N. C.; Philadelphia, Pa.

Plants at: Marcus Hook, Pa.; Roanoke, Va.; Parkersburg, W. Va.; Lewistown, Pa.; Meadville, Pa.; Nitro, W. Va.; Front Royal, Va.

★ BUY UNITED STATES WAR BONDS AND STAMPS ★

T.M.—C. & C.C.C.

*Reg. U. S. Pat. Off.



*A better way
to buy
Rayon Fabrics*

This identification is awarded only to fabrics containing CROWN rayon, after they have passed the CROWN Tests for serviceability.



Welcomes Work!

DESIGNED and built for tough jobs, this electric hoist is a glutton for work! Every hour of every day—from January to December—you'll find the Shaw-Box 'Load Lifter' on the job lifting the heaviest of loads efficiently in plants everywhere.

Within their capacities, 'Load Lifter' hoists are versatile performers and can be installed for special purposes under various lifting conditions.

No other hoist has these special features, among others, built into it as does the 'Load Lifter'—
 — one-point lubrication
 — roller bearings and a ball bearing motor
 — safety upper stop; lower blocks, sure brakes
 — two-gear reduction drive; sealed against oil leaks; steel interchangeable suspension

'Load Lifter' Electric Hoists are built with lifting capacities of 500 lbs. to 40,000 lbs. in all combinations required for industrial needs. Adaptable to almost every working condition within their capacities. Send for Catalog No. 215.



'LOAD LIFTER' Hoists

MANNING, MAXWELL & MOORE, INC.
MUSKEGON, MICHIGAN

Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' industrial instruments.

that subsequent international agreements on commodity control may logically replace the proposed arrangement scarcely allays the worry of American cocoa consumers or the concern of free-trade interests who look with suspicion on the emergence in still another field of the British "government cartel" concept.

• **Two Producing Areas**—World production of cocoa, amounting in recent years to about 11,000,000 bags (averaging 165 lb. a bag), is centered in two areas. About 50% of the world's output comes from British African colonies. Other West African countries produce another 13%. Latin-American countries (Brazil 20%) produce most of the remaining 37%.

The United States has normally consumed about half of the world's output, receiving about 45% from hemisphere sources and 55% from Africa.

• **Distributed by Quota**—During the war, handling of West African cocoa was centralized under the West African Cocoa Control Board (now the West African Produce Control Board), an adjunct of the office of the Secretary of State for the Colonies in Britain. This agency sold directly to the Commodity Credit Corp. and to the United States Commercial Corp.

Distribution to U. S. importers and importing manufacturers was by quotas based on previous trade and further domestic distribution followed government recommendations likewise based upon traditional relationships.

With the outbreak of war in Europe the fate of West African cocoa growers was at issue. Not only traditional markets, but shipping facilities to carry the beans were drastically curtailed.

In consultation with the merchants who usually bought the African cocoa crops, the British government developed plans for the purchase of the entire crop and set up the Cocoa Control Board to handle buying and selling.

• **Fair Price Guaranteed**—From the mass of data covering quantities, prices, and movement of cocoa under the board's management as presented in the White Paper, these salient facts emerge:

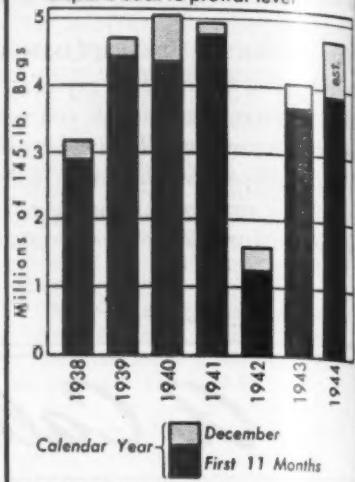
(1) During the period of wartime uncertainties, the native growers have been guaranteed a market and fair prices for a crop on which they, and the governments of the colonies, depend for existence.

(2) Distribution, during a short-supply period (mainly due to shipping shortages), has been coordinated on the basis of officially determined needs of the United Nations.

(3) The Control Board accumulated an operating surplus of \$14,700,000 during the period of the 1942-43 crop year, and the board probably holds

MORE COCOA

Imports back to prewar level



Data: Bartholomew & Co.

© BUSINESS WEEK

After reaching an all-time high in 1940, U. S. imports of cocoa fell to less than 50% of normal requirements during the submarine-war year of 1942. Imports this year, capped by December arrivals of unprecedented size, will help to rebuild badly diminished American cocoa stocks.

about \$23,500,000 at the present time.

• **Aim for Stable Prices**—The White Paper's bombshell is reserved for the section on future policy:

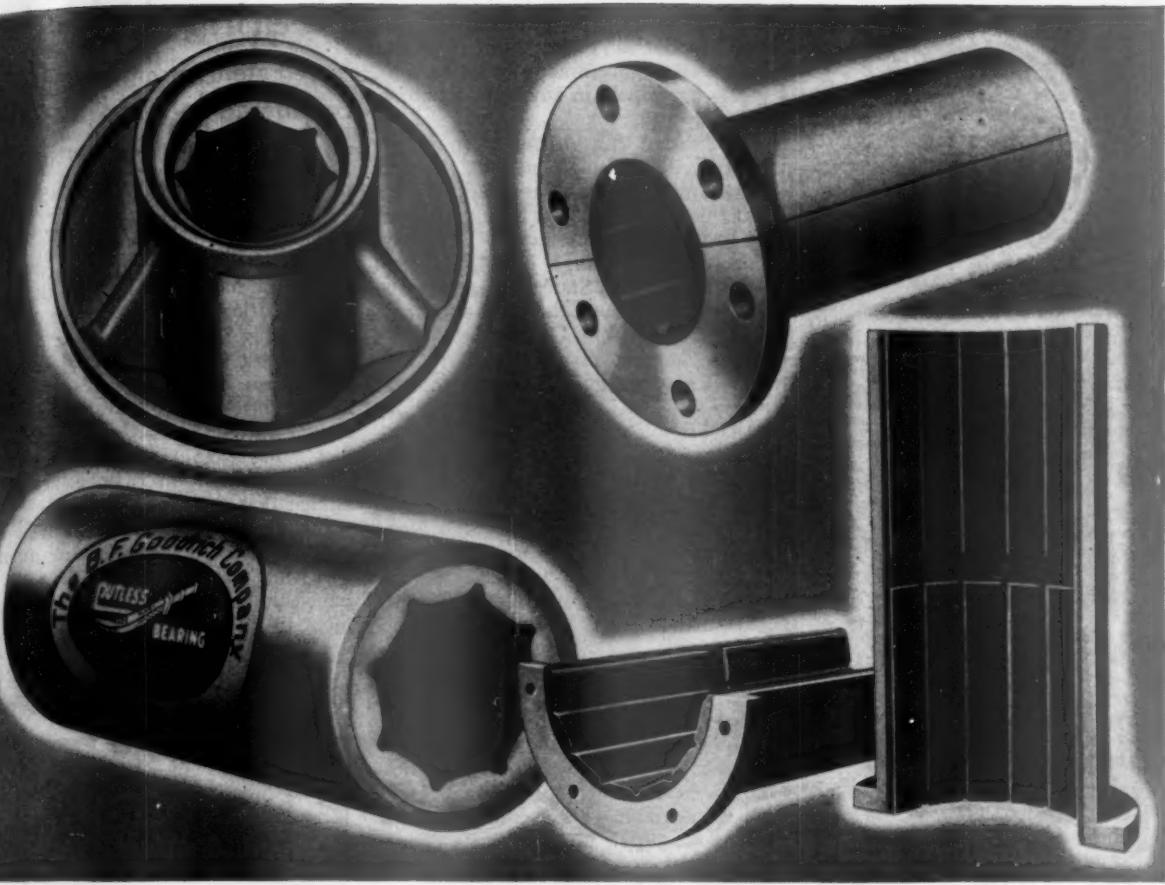
It is evident that it would not be in the genuine interests of either producers or consumers to revert after the war to prewar market conditions, with excessive price fluctuation and other undesirable features.

War experience has added weight to the view that a prime need of the cocoa industry, if it is to attain prosperity and efficiency, is a reasonably stable price basis.

To achieve this result it is necessary to break the direct link between producers' price and world market prices, the existence of which in the past has caused the local purchase prices to reflect every vagary of speculation on the world's produce markets.

Careful consideration of this problem has led to the conclusion that the means best adapted to this end . . . would be the continuance in essence of the present system whereby all cocoa would be bought at uniform prices, fixed at any rate seasonally, and sold in the world markets by special organizations created for that purpose, which would operate as regards both purchase and disposal either direct or through such agents as it might seem expedient to employ.

• **Stranglehold Feared**—And in addition, the White Paper added, this organization "can be fitted in without difficulty as a part of any wider international scheme that may later be established. Should it be deemed desirable to insti-



RUBBER BEARINGS

**can make same savings for many industries
they have made for years in marine use**

Cutless bearings are a development of the B.F. Goodrich Company

WATER-LUBRICATED rubber bearings, developed and manufactured by The B. F. Goodrich Company, have for years made important savings for ship operators. In marine service they have given as much as ten times the life of metal or wood bearings.

B. F. Goodrich Cutless bearings, as they are called, can make comparable savings in many industrial uses. They have already proved particularly valuable in centrifugal pumps, hydraulic turbines, chemical agitators, deep well pumps and any service where grit is present and where oil or grease lubrication is impractical.

Due to their design and the fact that they are rubber, Cutless bearings can be efficiently lubricated by water or other liquids (other than oil) in which they may operate. Because of the natural resilience of soft rubber they have high abrasion resistance that means long life. The soft rubber "gives" in contact with abrasives which then roll into the bearings' grooves and are washed away. (In one installation lignum-vitae bearings were lasting 8 months in water that carried a high volume of abrasive material. Cutless bearings lasted $6\frac{1}{2}$ years in the same service.) That same resilience

makes possible a marked reduction in noise and vibration because the bearings act as shock absorbers.

If you have any special bearing problems where oil lubrication is unsatisfactory or impractical, and where liquid-(other than oil)lubricated rubber bearings might provide the solution, our engineering staff will be glad to send you complete technical information. Just write

LUCIAN Q. MOFFITT, INC.
Engineers and National Distributors
541 People's Bank Building
AKRON 8, OHIO

B. F. Goodrich *Cutless*
PROPELLER-SHAFT **Bearings**



THE CASE OF THE



the Crime! Oil robbed of its lubricating value by gasoline dilution.

the Clue! DeLuxe Filter Cartridge appears mushy, light in weight.

the Culprit! A carburetor out of adjustment.

the Solution! Guard against certain adverse engine conditions by examining the DeLuxe Filter Cartridge when removed for replacement. Its condition is an engine trouble indicator.

the Facts of the Case!

Engine conditions resulting from poor carburetion, blow-by, water leak, cold motor, sump neglect, etc. are clearly shown by the condition of a used DeLuxe cartridge. Engine repair and operating costs can be cut and engine life lengthened by employing DeLuxe's controlled flow and exclusive depth of filtration which ACTUALLY CLEANSES oil of contaminants and oil diluting substances. Write for FREE BOOKLET containing other facts of DeLuxe performance.

DELUXE PRODUCTS CORP.
1425 Lake Street LaPorte, Indiana



tute some international organization for dealing with the problems of the world production or marketing of cocoa, his majesty's government would be willing to participate in any such organization."

The worst fear of American cocoa users is that a single national agency may have a strong hold on world prices, and this alarm has been fully presented by Isaac Witkin, president of the New York Cocoa Exchange, in a 4,000-word letter to the U. S. State Dept., the British government, and the cocoa industry.

• **Consumer Board Urged**—But in addition there are many who worry lest centralized selling in Africa, if continued after the U. S. government relinquishes its buying privileges, would permit—even encourage—big manufacturers to bypass brokers and importers to deal directly with the seller.

An alternative proposal of the New York Cocoa Exchange introduces a consumer board to work with the colonial agency in the determination of prices. This would move the arrangement closer to the recommended formula for commodity control now being studied in Washington in consultation with Allied governments.

• **Straw in the Wind?**—Importers and manufacturers in consuming countries have a healthy fear of any control arrangement with the power to rig prices and limit output. But with a balancing of producer-consumer interests, under the aegis of government, many economists believe the worst features of the private cartel can be avoided—as in the Inter-American Coffee Agreement.

If the interim control arrangement for cocoa is only to bridge the gap between war control and an international arrangement many of the fears of cocoa traders may prove premature. The official expectation of a multilateral arrangement is regarded by many as the weightiest straw in the wind today pointing toward more numerous intergovernmental commodity control agreements in the postwar world, all intended to iron out the traditional violent peaks and valleys in world production and prices of primary products.

ORDNANCE TO RATIONS

General Foods Corp. will occupy the last large unused building at the Denver ordnance plant—others being occupied by Kaiser Industries, Inc., and Remington Arms in making shells, fuses, and boosters (BW—Dec. 2'44, p24). General Foods will employ about 400 persons—operations to start in January—in packaging combat rations. Equipment formerly used in packaging small arms will be used in packaging foods.

Hearing-Aid War

Patent infringement action considered by rival as Zenith compares instruments and prices in Chicago window display.

The battle between Zenith Radio Corp.'s low-priced hearing aid and the rest of the industry, which opened with the formation of an industry association presumably for the purpose of fighting Zenith just before it entered the field in October, 1943, continues with what a war correspondent would call "unabated fury" (BW—Mar. 4'44, p28). In fact it has attained such intensity that Zenith competition is hollering to the referee that the blows are landing low.

• **Infringement Claimed**—Zenith has been threatened with patent trouble ever since last July when it added a bone-conduction type of hearing instrument to its line of air-conduction hearing aids. Sonotone Corp. of New York holds 1932 patents on a bone-conduction hearing instrument, which it claims



MR. TODAH RETURNS

With Army approval, Takeyuki Todah, a Japanese-American, has been permitted to return to Los Angeles where he formerly conducted a restaurant. Released from a relocation center in Arizona, Todah—a naturalized citizen and U. S. veteran of the last war—typifies the determined effort of many Japanese-Americans to return to their homes and businesses on the West Coast despite strong organized opposition (BW—Oct. 28'44, p32).

that Zenith's newest item infringes, but it has not brought suit.

Normal ears receive sound by air conduction which carries the vibrations to the ear drum and to the hearing nerve. Probably 90% of all hearing aids worn are of the air-conduction type. Sonotone's bone-conduction aid, developed to meet the needs of those beyond the scope of that company's air-conduction instrument, bypasses defective ear drums and carries the vibrations (via electric impulses) directly to the mastoid bone and thence to the hearing nerve.

• **Three Firms Licensed**—Three big hearing-aid manufacturers (Western Electric, Acousticon, Radioear) were licensed by Sonotone to make bone-conduction instruments under its patent.

To Sonotone's contention that Zenith's bone-conduction hearing aid employs a principle upon which Sonotone holds a patent, Zenith's colorful president, Eugene F. McDonald, retorts that patents on bone-conduction hearing aids were granted as early as 1880, and if anybody wants to sue his outfit for infringement in that field, bring on the suits. Anyhow, says he, bone-conduction units represent less than 5% of Zenith's hearing-aid volume.

• **Window Display Irritates**—Sonotone's feelings have been in no way assuaged by recent Zenith advertising. A major irritant for most industry members was a window trim in Zenith's Michigan Avenue display room in Chicago. In the window Zenith lined up several leading competitive instruments with comparative price marks including Zenith's \$40 and \$50 aids, a \$125 Western Electric, a \$167 Sonotone, a \$159.50 Acousticon.

Text displayed with the instruments proclaimed that "all hearing aids cost approximately the same to manufacture. All hearing aids use approximately the same materials and parts. Any price over \$50 that is paid for a hearing aid can be charged to selling expense or commissions, overhead, taxes, and profits." Zenith explained that it had become the "largest manufacturer of hearing aids in the world" by mass production and by reducing sales expense, overhead, profits.

• **FTC Action Asked**—Sonotone says it has submitted this and other Zenith advertising to the Federal Trade Commission with a plea for a cease-and-desist order on the grounds of unfair competition.

McDonald says he has never assailed the quality of other hearing aids; that on the contrary, with very few exceptions, Zenith's tests have found competitors' instruments excellent in quality.

But, he asserts, so many below-the-belt charges of inferior quality in mate-

How ELECTRIC Trucks speed production of aircraft propellers



MODERN METHODS

REDUCE MATERIAL HANDLING COSTS

One reason why America has startled the world with a staggering volume of war production is its ability to devise new and better ways of doing things. For example, many industries have discovered how they can speed production by using electric trucks for material handling.

Take the case of a plant which turns out aircraft propellers by the thousands. The needless waste of time in material handling would slow down delivery of aircraft to fighting fronts.

To prevent this, the plant uses electric trucks to handle parts and raw materials in unit loads, some on specially designed accessory equipment. Beside saving time, this modern method reduces handling costs to a minimum.

Electric trucks have proved in many different industries that they can move the most materials in the shortest time at the lowest cost. They also give valuable plus advantages. They make more

efficient use of manpower . . . increase storage capacity . . . increase output of present productive equipment . . . reduce danger of handling accidents to workers and damage to materials.

These benefits add up to an important source of profit which can help users of electric trucks meet postwar competition.

Investigate now how electric trucks can make your peacetime production more economical and efficient.

To keep abreast of latest developments:

FOR MANAGEMENT: "Unit Loads"
Bulletin explaining a coordinating materials handling system that involves practically every industry.

FOR TRANSPORTATION SUPERVISOR:
"Material Handling" Handbook containing vital information necessary to the conduct of efficient inter-department operations.

THE INDUSTRIAL TRUCK STATISTICAL ASSOCIATION
208 South La Salle Street • Chicago 4, Illinois



MANUFACTURERS OF TRUCKS: AUTOMATIC, BAKER, CRESCENT, EASTON, ELWELL-PARKER, LEWIS-SHEPARD, MERCURY, YALE . . . BATTERIES: EDISON, EXIDE, PHILCO . . . BATTERY CHARGING EQUIPMENT: ELECTRIC PRODUCTS, HERTNER



A PLAYING HOBBY

Getting in the groove for a jam session before the National Assn. of Manufacturers are some of Boston's business and professional men who are equally at home behind an executive desk or a musical instrument.

rials and workmanship have been leveled against Zenith's instrument by competitors that he decided to lay the actual products out with the cases opened so that the public could examine them.

• **Prices Called Too High**—Factory cost of any hearing aid is so low, McDonald declares, that there is no incentive to skimp quality.

Hearing-aid manufacturers are not communicative about costs, but radio manufacturers say that a prime cost of over \$20 on any hearing aid would probably indicate room for tightening up the plant's management. McDonald claims that the prices of all hearing aids (including Zenith's) are still too high, because all selling costs (including Zenith's) should be more economical.

• **Small Profit Claimed**—Competition is inclined to admit Zenith's production claims. No manufacturer gives out his volume, but trade sources estimate that during the past year Zenith produced 106,000 instruments out of the industry total of 225,000.

Rivals figure that Zenith sales were built with a twelve-month advertising expenditure of over \$1,000,000, which figure Zenith admits is not too far off accuracy. Competitors also charge that Zenith's profits on this business have

Boasting a membership of company presidents, a surgeon, lawyer, and judge, the eleven-man dance band represents a hobby for entertaining service clubs and wounded veterans. In between such bookings the Swing Shifters did some solid sending at the N.A.M. convention last week.

been small and that the exploitation is continued to keep the Zenith name before the public with a view to future radio sales. McDonald says Zenith's hearing-aid business is in the black and standing on its own feet.

• **Benefit for All**—It is generally agreed that Zenith promotion has stimulated interest in all hearing aids, has helped overcome objections of self-conscious prospects. It is also rousing competition.

Telex Products, Minneapolis, has resumed advertising of its Super-Telex hearing aids, retailing from \$70 to \$150. On any old instrument traded in it offers \$40—the cost of the biggest-selling Zenith model.

• **Sales Plans Pressed**—Undeterred by the storm it has raised, Zenith is plowing right ahead with sales plans.

Its first outlets were optical stores. But many small towns have no such stores, hence new strategy calls for selling Zenith instruments over drug counters in towns of less than 10,000. McDonald says there is no more need for white-coated salesmen, a scientific atmosphere, and \$60 sales commissions in selling a hearing aid than in selling a pair of binoculars.

• **Extra Services Offered**—The opposition's outlets are specialty shops. Ex-

pense of operating such shops, plus the fittings and continuing service afforded customers, are one answer to the higher cost of the older brands. As an example Sonotone cites its lip-reading school in New York City. There are 125 in the class. Instruction is free to Sonotone owners, costs others \$5 for ten lessons. It was established because lip reading supplies a second protection for persons dependent on hearing aids.

Kettle of Fish

OPA is caught between the devil and the deep blue sea by opposite demands of fishermen and distributors on controls.

Trouble simmering on New England fish wharves will come to a boil in March or April when, according to its promise to the industry, OPA will decide whether to retain or suspend price control on fish.

• **OPA's Dilemma**—If price ceilings are removed, small but pugnacious Patrick McHugh, secretary of the Atlantic Fishermen's Union (A.F.U.), has asserted that not a boat will leave its slip to fish.

If the ceilings are retained, distributors have indicated that they will strike.

Processors and wholesalers charge the union with making OPA ceilings their floor prices. They say they want ceilings off so that they can move the growing production of fish and rely on volume sales at lower prices for satisfactory prices.

• **Fishermen Fear Cut**—The present unprecedented prosperity of the men of the fishing fleet has resulted from the high ceilings which OPA, under congressional prodding, has established on fish and seafood.

Men working on trawlers and draggers are now earning as much as \$16,000 a year as against prewar high earnings of about \$2,500. Those working on the smaller boats of the inshore fleet are now earning as much as \$6,000 as against a prewar high of \$1,200. They know that removal of ceilings may result in a serious cut in their present earnings.

• **Inventories Grow**—A sample of what may happen occurred during the week of Nov. 20, when 25 fishing boats, mostly trawlers and draggers (deep sea fishing boats), tied up at Boston piers as fishermen voted to take a holiday in protest against their inability to sell catches at top OPA winter ceiling prices.

Inventories of frozen fish are mounting. Processors and wholesalers claim that this is the result of present high prices. Fish, which in the past has al-

NEW! The TOCCOTRON



**NOT a laboratory
instrument but a SHOP
TOOL for electronic
induction heating**

HERE is a NEW electronic tube type induction heating machine—the result of four years' tests and development. It is designed and built to stand the gaff of shop usage. This is another TOCCO *first* for it means that radio frequency induction heating equipment has been taken out of the class of a laboratory instrument and developed into a dependable shop tool for uniform, low-cost production.

Note its features at the right.

Full details in Bul. 20. Consult the TOCCO Engineer for a study of your problems in Induction Heating. His analysis is *unbiased* because TOCCO manufactures both Motor-generator and electronic tube types of equipment.

TOCCOTRON FEATURES

APPLICATIONS:

1. Small parts . . . hardening, brazing, annealing, heating for forming.
2. Sharp contours such as hardening of cutting edges.
3. Shallow penetrations in surface hardening.

ADVANTAGES:

1. Rugged. Fully protected from vibration.
2. Safe. No high voltage hazards.
3. Compact. A complete, packaged unit with all sub-assemblies easily accessible.
4. Faster. Work stations are independently controlled over a wide range.

THE OHIO CRANKSHAFT COMPANY, Dept. W. • Cleveland 1, Ohio





AND ALSO TOMORROW

*with the
New*

PORTAGRAPH
PHOTO-COPY

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**CHECKS
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STATEMENTS**

**CORRESPONDENCE
SPECIFICATIONS
and all other
business records
all
without
proof reading**

The same Portagraph that is cutting copying costs in war industry today will continue to reduce costs for the same industries when conversion to peace-time products is completed.

With Portagraph, no copying time need be wasted—it is 90% quicker than manual copying. Accuracy is also a vital factor. With Portagraph, no checking or proofreading is necessary. Omissions of important data are impossible. With the Portagraph photocopier, any records—whether single sheets or in bound books—can be easily copied even with inexperienced help. New improved models now available handle records, documents and drawings in any size desired. It is an essential "copying tool" in both the office and the engineering department.

For leadership in BUSINESS PHOTOGRAPHY - Look to . . .

PHOTOGRAPHIC RECORDS DIVISION

REMINGTON RAND INC

BUFFALO 5, NEW YORK

ways been a cheap substitute for meat, is now priced higher than many meat cuts.

• **Three Months' Stockpile**—No matter who calls the strike, it is the huge stockpile that probably will determine who wins. The trade believes that present stocks can withstand a fishermen's strike of three months' duration.

Known stocks of frozen fish total 131,620,000 lb. and are still growing. In addition, there are unrecorded holdings estimated at several million pounds. Known holdings are estimated by the Office of the Coordinator of Fisheries to be about 33,000,000 lb. above the average holdings for this season of the year.

• **Fishing Fleet Expands**—Fish landed at Boston, Gloucester, New Bedford, and Portland this year reached a total of 385,098,000 lb. by Nov. 1, an increase of nearly 32,000,000 lb. over the same period last year. During the winter season the catch is expected to be 90,000,000 lb. to 95,000,000 lb. larger than the 1943-44 season if weather conditions are normal. Spring months will bring their natural plenitude.

The number of vessels fishing out of New England was sharply reduced early in the war by the requisitioning of many of the largest and most productive boats for war service; but new construction and a return of vessels no longer needed by the Navy are expanding the fleet.

• **Union Reverses Stand**—The tough stand Pat McHugh is now making for retention of price control is a complete reversal of his earlier demands for removal of ceilings.

Growing fish production, coupled with a meager improvement of meat supplies, is what has made McHugh change his tune.

Fishermen don't work for wages; they share in the net profits of a catch. If a boatload of fish is sold for \$5,000, the money is usually divided in this manner: 50% goes to the boat owners, of which the captain gets 10%; the rest is equally divided among the men, with the captain also getting an equal share. From the 50% the fishermen get, the cost of the fuel for the boat, food, and ice for keeping the fish fresh is deducted. If prices are reduced, such expenses could cut deep into the fishermen's share.

• **Profit in Trash**—During the months when supplies of fish were tight, processors and wholesalers were willing to pay any sum of money for a boatload of fish. Cash-on-the-side transactions and tie-in sales were the only method by which cargoes could be obtained.

Such "trash" items as ocean pouts (conger eels) and rayfish, which never brought more than 2¢ a lb. at the fisherman's level, and for which ceiling prices



As secretary of a fishermen's union, Patrick McHugh threatens an East Coast fish strike if OPA scuttles the price ceilings he formerly bucked.

were not originally fixed, had to be bought by wholesalers for as much as \$3 a lb. if they wanted honestly to purchase a load of fish at ceiling prices. "Trash" items usually added anywhere from \$500 to \$1,000 to the cost of the fish to the wholesaler, who took a straight loss on this "trash" because retailers refused to handle the stuff.

• **Black Market Shrinks**—OPA cracked down on tie-in or combination sales and cleaned up cash-on-side transactions to the extent that, except for the shrimp industry, the fish industry as a whole is about 90% free of black market dealings. The fishermen were enraged, however, as this has meant a reduction in the size of their share. If ceilings are dropped, the fishermen may go back to tie-in sales.

Boat owners (large food corporations for the most part) consider themselves between the devil and the deep blue sea on the ceiling price question. Lower prices would cut into the earnings of their boats but, as distributors, they would profit from greater volume sales. As for their contracts with the union, negotiations on new contracts will begin just before Lent, Feb. 14. How they will react to union demands that present ceiling prices be written into the new contracts has not been determined. They may decide to fight.

• **Canners Worried**—Canners are nervous about the situation. Should ceilings come off at the producer's level, they would be in a tight price squeeze unless



* Manufactured under the
patents of F. L. Michaels
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MI-CO METER CORPORATION
231 Court St., COVINGTON, KY.

Experienced Representatives Wanted

These are the type of reports we receive from MI-CO Parking Meter installations everywhere. The service record of these meters is the logical result of correct construction, and MI-CO Meters are built right. They're plenty rugged, but that's only one reason for their low cost upkeep. Another is that there are fewer moving parts in MI-CO Meters. Then, too, all parts are made of stainless steel and high-grade clock brass to assure long life and efficient operation. Right now MI-CO Parking Meters are not available, but as soon as restrictions are lifted their manufacture will be resumed. In the meantime, send for literature which contains complete specifications.

Billions of \$'s in Postwar Prosperity Will Stay Locked Up... Unless We All Help to



Solve Industry's No. 1 Problem

*... creating more jobs with high wages by producing
more and better products at a lower cost*

In spite of the pent-up demand created by the past few years of high earnings and restricted purchasing—John Q. Public is going to be mighty cagey when it comes to cashing in his war bonds or depleting his savings account.

The great amount of publicity given to the development of new products has sold future buyers on the fact that American industry and genius will soon deliver better, new products at a lower cost. And, having done without this long, John Q. Public is going to "wait and see."

Realizing this fact, leading manufacturers of production and processing equipment are modernizing their designs with every determination of helping to solve this vital No. 1 problem of all industry.

Business leaders know that only through soundly stimulated demand can they create increased production—and provide more jobs with high wages.

Century Motors Help to Reflect Lower Costs

Of course, machine tools and other processing equipment will play an important part in building and maintaining postwar prosperity—but electric motors are

production tools, too, because they are a component part of the machines they drive.

Century Motors offer specialized advantages such as—a wide variety of motor types to match the functional characteristics of production operation—unusual freedom from vibration that contributes to closer tolerances in high speed, precision production—motor protective features that mean uninterrupted production in spite of hazardous atmospheres—permanently quiet operation that results in less waste of human energy—and many other specialized features that reflect lower final costs.

Century's Organization Helps, Too

Century's national organization of Motor Specialists has long helped appliance manufacturers and machine tool builders to effect savings in original design and production output costs. They can help you best when your machines or your products are still in the blueprint or experimental stage.

Everyone Benefits from Century's Performance

Whether you are a manufacturer of consumer products or industrial equipment, a wholesaler or retailer, you, too, have a direct or indirect stake in how well Century Motors can help others in solving the problem of delivering a better product at a lower cost.

Act Now—If you are a manufacturer of Motorized Equipment or Appliances, it will pay you to call your nearest of Century's 31 branch offices.



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Offices and Stock Points in Principal Cities

OPA provided some adjustment for them.

OPA has made no definite commitment on the suspension of ceilings, but it has stated that it would remove them only if prices drop substantially below present ceilings at all levels of distribution, particularly at retail, and tend to remain there. That looks likely.

Boxes Assured

Fruit Growers Exchange buys entire California town and 10,273 acres of pine timber with an eye on the future.

Most of the hundreds of orange growers who are members of the California Fruit Growers Exchange grow their fruit in southern California. But it is to northern California that the exchange must look for that most important item—boxes.

Timber Acquired—Last week Fruit Growers Supply Co., a subsidiary of the California Fruit Growers Exchange, made doubly sure that it will have a supply of pine orange boxes for a long time to come. It purchased the entire town of Westwood in northern California, which is near Susanville and where the company now has mills turning out box shooks.

The transaction, involving approximately \$3,000,000, was concluded with the Red River Lumber Co. The deal includes the townsite, the 850 cabins, dwellings, and rooming houses, all business buildings, the sawmill, and the various utilities. Also included are 10,273 acres of pine timber. The new purchaser also acquired an option on 83,000 more acres of timber.

End of a Dynasty—The sale marks the first time since the Civil War that the lumber dynasty founded by the late Thomas Barlow Walker has not been actively engaged in the processing of logs into lumber. At the close of the Civil War Walker became a partner in the firm of Butler, Mills & Walker in Minnesota. In the business depression of 1872-1873 he withdrew to found the Red River Lumber Co., and became immensely wealthy when iron ore was discovered on his timberland. Much of the land was sold to the U. S. Steel Corp. and Walker shifted his Red River Lumber Co. operations to northern California in 1913.

In purchasing Westwood, the California Fruit Growers Exchange not only has a "company town" but also acquired the site of some bloody union warfare. The A.F.L. now has a majority of the workers, totaling some 1,900.

But how do they make 'em so ROUND?



WHILE the steel ball is but one little part of a ball bearing, it's a most important part—and making it "round" is a most important and interesting process.

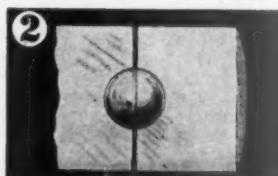
The extreme precision limits obtained (such as diameter within two one-hundred-thousandths of an inch) and interesting facts regarding the wonderful strength of the steel ball, are among the subjects covered in our little Booklet "BM".

We will be delighted to send you one for the asking.

Meanwhile, remember that every mechanical device that helps make our civilization possible, has ball bearings in its family tree—somewhere—somehow!



1 Slug of steel wire is placed between accurately formed dies.



2 Under heavy pressure, dies forge slug into a rough ball with minimum of "flash".



3 & 4 Grinding to perfection of diameter and sphericity is done in very much the same way that human hands can roll a ball from a lump of putty.



5 Final grinding and lapping polishes sphere to a brilliant finish—not for "looks", but for perfection of form and size.



Cut-away view of New Departure Ball Bearing

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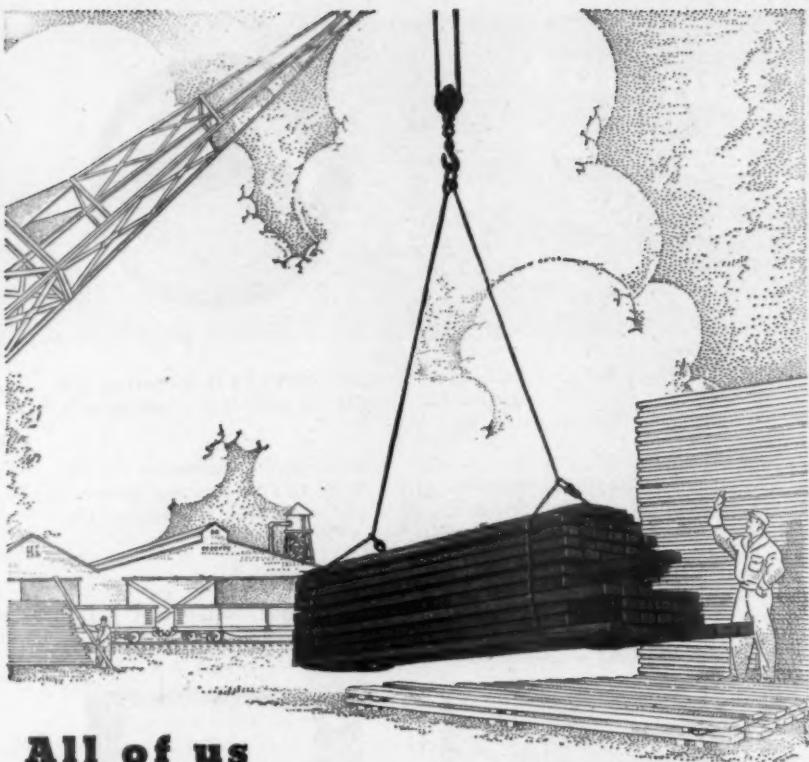
nothing rolls like a ball

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All of us can keep on sawing wood

Why the lumber? It's a double reminder. First . . . that one of the earliest materials to enlist continues in strong war demand.

And second . . .? That the same material is essential to the construction activity so closely allied with transition to peace.

Plainly, the lumber industry's course is to keep on sawing wood. And that's good advice for everyone. We'll apply it by maintaining needed production . . . conserving scarce supplies . . . developing future job opportunities. For aid in all, as our illustration suggests, put material-handling operations up to Yellow Strand Preformed Wire Rope and



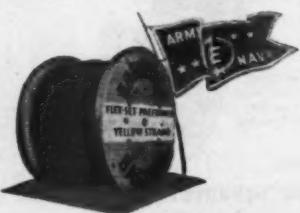
Yellow Strand Braided Safety Slings. Machines that use flexible preformed rope have a head start toward smooth, sustained, economical performance. Lightweight and firm-gripping braided slings enable employees to complete heavy or difficult lifts with speed and confidence.

Armed with high capacity for work, long-lived Preformed Yellow Strand and Yellow Strand Braided Slings fight wasted time and manpower. Both are ready without conversion for new lifting, loading and moving tasks. Send your inquiry now. In our book, sawing wood also means co-operation.

Broderick & Buscom Rope Co., St. Louis

Branches: New York, Chicago, Houston, Portland, Seattle. Factories: St. Louis, Seattle, Peoria

**YELLOW
STRAND**



PREFORMED WIRE ROPE • BRAIDED SAFETY SLINGS

WAR BUSINESS CHECKLIST

A digest of new federal regulations affecting priorities, price control, and transportation

Increased Civilian Supply

WPB has lifted quota restrictions on the use of cellophane for packaging, wrapping or sealing cigarettes, cigars, chewing or smoking tobacco, and bakery products. Formerly, cellophane for such purposes was limited to 90% of 1942 consumption. Cigarettes may once more be packaged in a combination of aluminum foil and cellophane. Restrictions on cellulose caps and bands and on cellophane used in food packaging seals are also removed from Order L-20.

• **Alpaca Wool**—WPB Order M-73 has been amended to lift restrictions on the use of alpaca wool, formerly free only for use in yarns or cloth to fill orders of the Army, Navy, Maritime Commission, or War Shipping Administration.

• **Wrenches**—Manufacture and sale of wrench sets are permitted for inventory and shelf stocks of producers and distributors by an amendment to Schedule II of WPB Order L-216. Most wrench sets have heretofore been produced only to fill specific orders of ultimate consumers. Striking wrenches may also be produced for inventory, and four sizes of 4-in. square drive hexagon socket wrenches are added to the permitted inventory list.

• **Farm Machinery**—Distributors may now obtain AA-2 preference ratings for purchasing electric motors, circular cordwood saw blades, and 18 other kinds of repair parts for resale to dealers serving farmers, WPB has announced. Formerly, ratings as low as AA-4 were assigned for these items.

Relaxed Restrictions

Steel warehouses will be allowed to increase their stocks of general steel products under Direction 3 to WPB Order M-21-b-1, provided they can do so without interfering with war production schedules. Warehouses in Arizona, California, Idaho, Nevada, Oregon, Utah, and Washington may place orders before Feb. 1, 1945, for delivery in the first or second quarter next year, up to 35% of the general steel products delivered from their stocks in the third quarter of 1944 or in the base period of 1941, whichever is greater. Elsewhere, warehouses may order up to 25% of deliveries in either period. Merchant trade products such as pipe, galvanized sheets, tin and terneplate and wire products are excluded from the direction.

• **Rubber Yarn, Elastic Thread**—WPB Order M-124 has been amended to permit direct sale or delivery of natural rubber thread produced after Jan. 1, 1944, on orders of the Army, Navy, Maritime Commission, War Shipping Administration, and Veterans Administration and used by those

agencies in the manufacture of aircraft, aircraft equipment, parachutes, and barrage balloons. Use of this thread for other essential military purposes may be authorized when synthetic rubber thread is unsuitable. Preference ratings will be granted to obtain synthetic rubber thread for the manufacture of a specified list of items of safety equipment and elastic health and surgical equipment, upon application, at least 15 days before the beginning of any calendar quarter, to WPB's Safety & Technical Equipment Div., Washington 25, D. C.

• **Tantalum**—All restrictions on use of tantalum have been removed by revocation of WPB Order M-156.

• **Specialty Papers**—To increase the life of packaged products and to reduce pulp paper use, glassine, as well as grease-proof and vegetable parchment papers, may now be used for packaging rubber and rubber goods, tobacco and tobacco products, coffee, tea, potato and corn chips, popcorn, certain drink powders, and general printed products, under an amendment to WPB Order M-286. Restrictions on the use of petroleum wax in the manufacture of waxed paper have been removed by an amendment to Order M-351.

• **Bread Packaging**—Because WFA has removed from WFO 1 all restrictions on the packaging of bread and rolls, bakers will be subject only to the packaging provisions of WPB Order M-351, which restricts the use of waxed paper in conjunction with any other paper wrapper for packaging bread and bakery products (excluding crackers and biscuits). The use of over-wraps in packaging crackers and biscuits continues to be restricted.

• **Sperm Oil**—WFO 37, which limited the use, processing, and delivery of sperm oil, has been revoked.

Tightened Restrictions

Direction 1 to WPB Order M-37-d reduces by 18% the poundage of reserved rayon yarn that any person may receive after Jan. 1, 1945, from the yarn set aside under the order for distribution to persons having specific quota allowances.

• **French Knitting Yarn**—To meet increased Army requirements for part-wool underwear, WPB has frozen the entire output of French knitting yarn produced from wool or other fibers that any spinner shall put into process from Dec. 17, 1944, through Feb. 17, 1945. Each spinner of knitting yarn spun on the French worsted system is required to produce during this period at least the same proportion of French knitting yarn that he produced during the month of October, 1944. (Order M-73, as amended.)

• **Western Pine Lumber**—Only consumers (other than designated claimants) who have specific WPB authorization may accept western pine lumber, which is in critically short supply. WPB authorization will be given only for essential uses where other lumber cannot be substituted. Lumber affected by this action includes Idaho white pine, ponderosa pine, and sugar pine produced by sawmills cutting 10,000 b.f.t. or more of any kind of lumber a day. Consumers of Classes I and II, and farmers, who have not been authorized to receive western pine or

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Each section is of Bakelite, molded in one piece. There are no removable covers to fall off or become loosened by tampering . . . all parts, including the switches, are applied from the rear . . . Each section contains four  30 amperes, single pole, heavy duty tumbler switches, with plug fuse connections . . . Branch Circuit tumbler switches are rated 30 amperes, 250 volts DC, and are of the quick-make, quick-break type, with double-break contacts . . . For surface or flush mounting, with from 4 to 42 branches; with main

lugs only, or with safety type main fuse disconnect, or  Shutbrak safety type main switch. Approved by Underwriters' Laboratories, Inc.

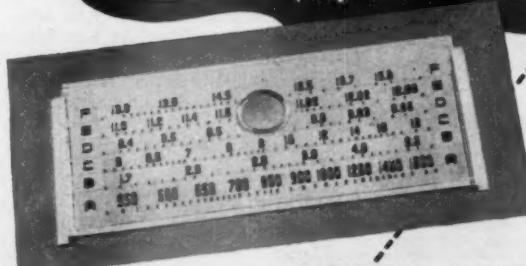
Write for Bulletin 67 — It contains complete information . . . Frank Adam Electric Company, Box 357, St. Louis, Mo.



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WITH ERIE RESISTOR, "Three Dimensional" plastics, lettering and designs are molded so that they stand out in bold relief from a colored background. Either the design or background may be crystal clear, or each a different color. Since all colors are applied to the rear surface, they are not subject to abrasive wear, and will retain their brilliance in spite of constant handling.

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particularly adaptable for name plates, knobs, dials, panels, handles . . . wherever lettering or decorative lines are used. Since the one-color illustration cannot portray the wonderful results obtainable in Erie Resistor "Three Dimensional" plastics, we suggest you write for samples, at the same time stating your specific requirements.

We will give you complete information promptly, without obligation.



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Transmissioneering means advanced design in power drives. It is invaluable in deciding on the most practical and efficient method of "delivering power" from its source to the production machine.

The Dodge Transmissioneer, your local Dodge Distributor, will be glad to assist your plant operating men in lining up a completely effective power drive system . . . furnishing, in many cases, from his own stock of Dodge Transmissioneered power drives, "The Right Drive for Every Job."

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THE RIGHT DRIVE FOR EVERY JOB

**SPEED UP
LOADING**

**GLOBE
LOADING
DOCK
LIFT**

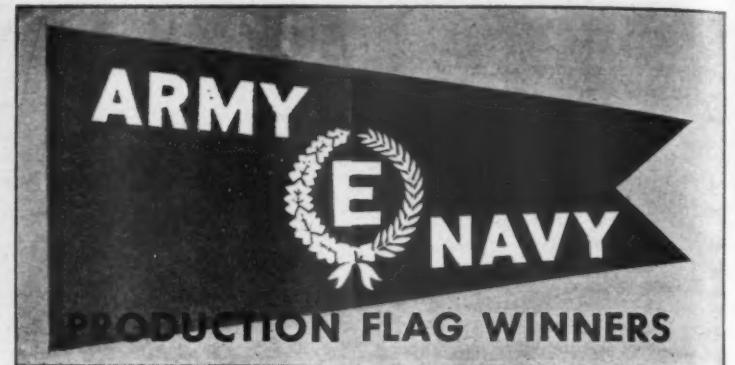
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Get trucks loaded and on the way faster, with less manpower, with a Globe Loading Dock Lift. Just roll loads onto the lift; it quickly raises them to truck level. Far faster than hand lifting; safer and cheaper, too. Lift recesses level with floor or driveway when not in use. Write today for illustrated Bulletin K-14.

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Armstrong Cork Co.,
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Atlantic Calsomine Co.,
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Automatic Radio Mfg. Co.,
Inc., Boston, Mass.

Bloomington Limestone Corp.,
Bloomington, Ind.

Boston Machine Works Co.,
Lynn, Mass.

Cayuga Motors Corp.,
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Conley Frog & Switch Co.,
Memphis, Tenn.

E. I. du Pont de Nemours
& Co., Fairfield, Conn.

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Florence Stove Co.,
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Hooker Electrochemical Co.,
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Lamb-Grays Harbor Co.,
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Lincoln Mfg. Co.,
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National Carbon Co., Inc.,
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Paramount Textile Machinery
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Pinellas Lumber Co.,
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Porcelain Steels, Inc.,
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"Quick-Way" Truck Shovel
Co., Denver, Colo.

The Reade Co.,
Lakehurst, N. J.

Regal Electronics Corp.,
New York, N. Y.

Robertshaw Thermostat Co.,
Youngwood, Pa.

Scandia Mfg. Co.,
North Arlington, N. J.

L. R. Teeple Co.,
Portland, Ore.

Thompson Products, Inc.,
Toledo Steel Products Co.,
Toledo, Ohio

United States Slicing Ma-
chine Co., La Porte, Ind.

(Names and winners of the Army-Navy and Maritime Commission awards for excellence in production announced prior to this new list will be found in previous issues of *Business Week*.)

who need more than the amount authorized, may apply to WPB for a new or additional authorization. (Direction 2a, Order L-335.)

• **Feathers**—The only new goose and duck feathers now free for other than military or specifically authorized orders are wing and tail and body feathers over 4 in. long. Mixtures of new and used feathers are covered by this order, which is further amended to include medical pillows for the Army or Navy among the permitted uses for the restricted feathers. (WPB Order M-102, as amended.)

Price Control Changes

New methods for pricing domestic beer, ale, porter, stout, and other malt beverages, except those served where sold, are established in OPA's Revised Regulation 259, to take effect Dec. 18. Basic pricing methods at the brewer level are unchanged. Wholesalers are allowed a 23% markup and retailers a 35% markup over the cost of their malt beverages. Previously, wholesalers' and retailers' prices had been frozen at the March, 1942, levels, plus later increases allowed to brewers. The average retail price is not expected to be changed.

• **Imported Watches**—OPA expects a reduction of about \$15,000,000 in retail watch prices over the next six months to result from the simplification of Regulation 499. Although dollar-and-cents ceilings on speci-

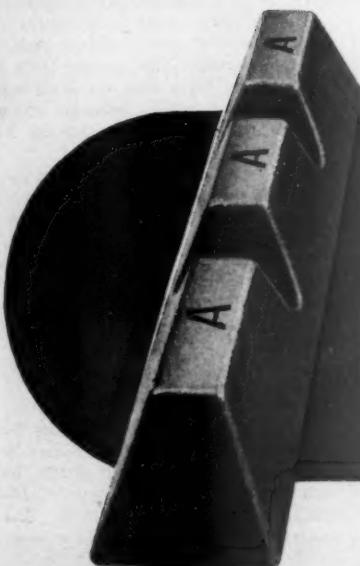
fied parts and on watches and parts purchased in Switzerland remain generally unchanged, importers who do not buy in Switzerland must redetermine their prices on an in-line basis instead of on the former cost-plus formula. Indirect importers must apply for prices to OPA in Washington. Wholesalers are granted a 30% markup; retailers are to apply to OPA field offices for maximum prices on new models. This action permits the immediate pricing and distribution of a large shipment of watches that has just arrived in this country. (Revised Regulation 499, and Amendment 12, Second Revised Maximum Export Regulation.)

• **Duck**—A ceiling price increase averaging 4½% for all constructions of duck in the gray are established by Amendment 26, OPA Regulation 118.

• **Cotton Blankets**—Producers of certain blankets, blanketeting, and blanket robe cloth made entirely of domestic cotton (Classes I, IV, and VI) may sell these goods on an adjustable pricing basis which permits producers to take advantage of any later price increase authorized by OPA. (Order 24, Regulation 118.)

• **China and Pottery**—A manufacturer may apply to OPA for increases in the maximum prices of certain china and pottery items, provided that the items are not sold to household consumers but to professional, industrial, or commercial consumers, or provided that they are sold for resale to a small

UNIFORM ALUMINUM ALLOY



Double-free aluminum castings begin with trouble-free aluminum alloy ingot. In other words, ingot that meets your most rigid specifications and that is uniform throughout your entire order.

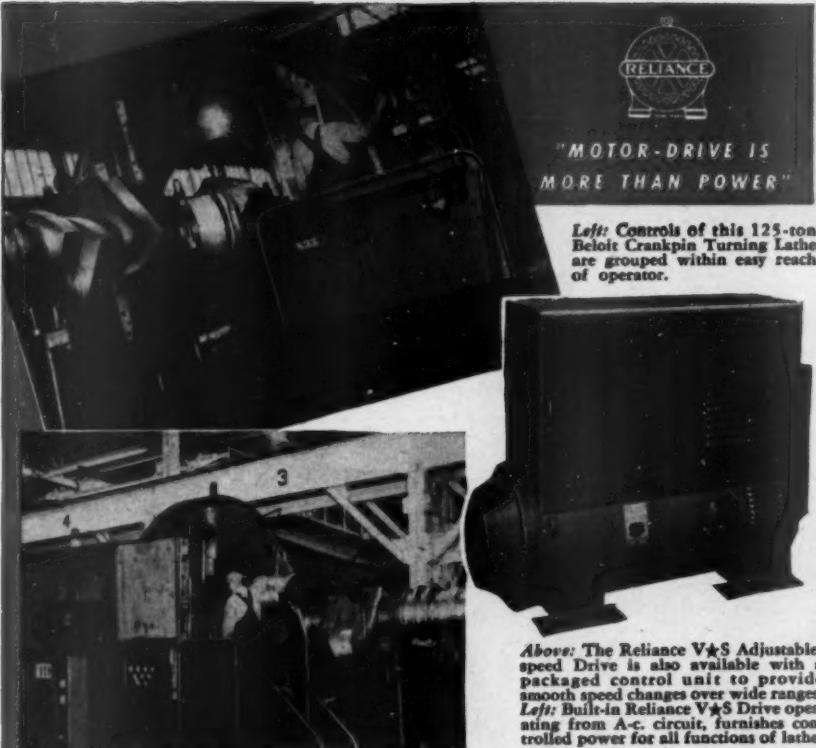
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"MOTOR-DRIVE IS
MORE THAN POWER"

Left: Controls of this 125-ton Beloit Crankpin Turning Lathe are grouped within easy reach of operator.

Above: The Reliance V* S Adjustable-speed Drive is also available with a packaged control unit to provide smooth speed changes over wide ranges. *Left:* Built-in Reliance V* S Drive operating from A-c. circuit, furnishes controlled power for all functions of lathe.

WHETHER YOU TURN GIANT CRANKSHAFTS OR PROCESS FRAGILE FABRICS . . .

there's an IDEA in this use of V* S Drive

This 125-ton Beloit Crankpin Turning Lathe machines huge crankshafts for Diesel Engines. With its Reliance V* S Drive, all operations are electrically controlled—starting, stopping, reversing, jogging, speed adjustments, using the plant's A-c. lines. All controls are within convenient reach of the operator. Results: High production with precision operation, plus notable simplification of machine design and ease and effectiveness of control.

With Reliance V* S Adjustable-speed Drive it is possible to centralize and simplify control of complicated production operations—whether they involve crankshafts weighing tons, or light metal foils, paper, or fragile textiles. This has been proved by applications of Reliance All-Electric V* S Drive in many industries. Wouldn't it pay you to talk with a Reliance Application Engineer about V* S Drive and your own production planning?

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and other principal cities

RELIANCE AC DC MOTORS

number of purchasers, one of whom buys at least $\frac{1}{3}$ of the manufacturer's output of the articles. In the latter case, the purchasers must agree to absorb the increase. (Amendment 7, Regulation 116.)

• **Pianos and Piano Parts**—OPA has announced that new pianos will soon be placed under dollar-and-cents ceiling prices at levels approximating the manufacturers' list prices in March, 1942. In holding retail ceilings to these levels, OPA is requiring retailers to absorb a 13% increase in cost granted to piano manufacturers in October, 1944. Manufacturers of piano parts may apply for adjustments of their ceiling prices whenever existing ceilings hinder the resumption of production. (Amendment 20, Order A-2, Regulation 188.)

• **Monohydronated Copper Sulphate**—OPA has announced a price increase of 25¢ per cwt. for this fungicide ingredient produced in specified areas, packed in 12½-lb. paper bags within 200-lb. drums, and sold at wholesale in carlots. Retailers who buy in carlots may pass on the increase to consumers. (Amendment 6, Regulation 354.)

• **Frozen Seafood**—Most types of fresh and frozen fish and seafood now under price control will soon be given community ceiling prices in many areas as a result of the new cents-per-pound markups just established for frozen fish and seafood. This OPA action provides retailers with better margins on low-cost frozen items than they could obtain under the former percentage markup system of pricing. (Revised Regulation 507.)

• **Christmas Tree Lights**—The price to consumers of Christmas tree lighting sets that are assembled by retailers must be no more than the total of the retail prices for each of the parts. (Order 3027, OPA Regulation 188.)

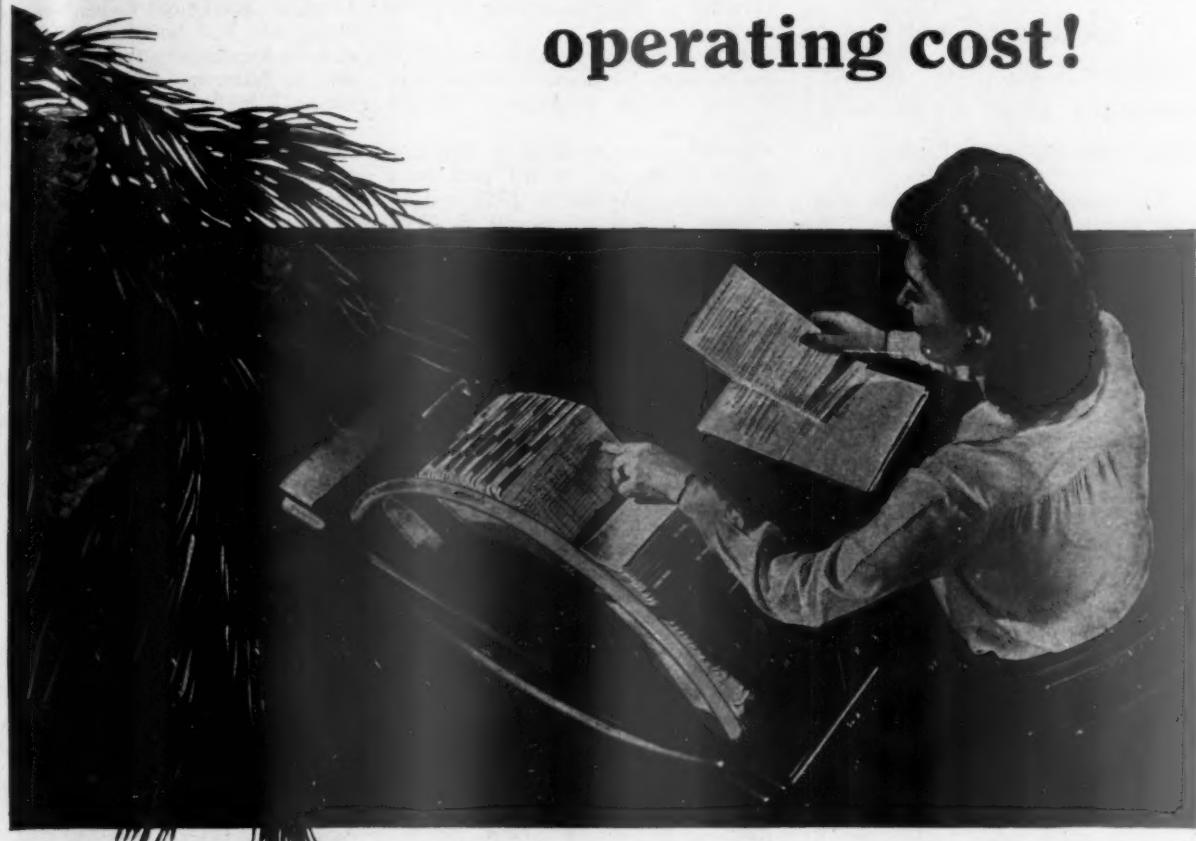
• **Industrial Wooden Boxes and Box Parts**—Manufacturers may again use as their ceiling prices the highest prices they charged in March, 1942, with adjustments for increased material and overtime costs. This action supersedes the recent OPA ruling that manufacturers must use their weighted average March, 1942, prices in computing ceilings. (Amendment 1, Second Revised Regulation 195.)

• **Tires**—Used C-1 rubber tires no longer fit for Army service, which are to be sold by the government to civilians, have been given wholesale ceiling prices of \$30 per ton, f.o.b. shipping point, on sales by the Treasury Dept.'s Procurement Div., and \$40 per ton, f.o.b. destination, on sales by manufacturers to tire dealers. (Order 12, Supplementary Order 94.)

Information

An Industrial Feeding Facilities Manual, containing basic plans for in-plant feeding and illustrated with design charts, has just been published by the Office of Distribution, War Food Administration. The manual is directed to industrial engineers and architects, equipment houses, food-service facility dealers, and colleges and schools where food-service management is taught. A limited number of copies are available to individuals and organizations in those categories upon request from the regional offices of the Office of Distribution.

Simplified routine—at lowest operating cost!



LOWER COSTS will be a prime requisite in the calendar of 1945 business. The compact Cardineer is a distinct aid in profit building. It saves time—saves manpower—saves space and saves energy for greater efficiency in the handling of the day's office routine.

Up to 15,000 cards are constantly within reach of the operator. Cardineer

is good-looking—it is portable—it operates on the wheel principle and its first cost quickly disappears in the economies it brings. It is available in four models according to your need. Cardineer is now used by scores of corporations whose record-keeping problems it has simplified and unified. Cardineer is ready for *immediate delivery*. Write or phone for a demonstration.

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VERTICAL VISIBLE FILES

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ROTARY FILES

Available when victory comes—Safes, Safe Deposit Boxes, Money Chests, Electric Record Deck Safes, Bank Vaults, Office Accessories

PRODUCTION

Cane Harvesters

Sugar plantations turn to mechanical equipment as labor shortages grow. It's estimated that units replace 21,360 men.

The Louisiana sugar cane crop formerly required from 30,000 to 35,000 workers each harvest season. Today mechanical harvesters are on the job—about 350 of them doing the job of an estimated 21,360 hand laborers.

• **Manpower Problem**—With wartime labor shortages bedeviling the industry (some 6,000 prisoners of war were recruited for this year's harvest and 3,000 more were promised), the mechanical harvesters are credited with saving the day for Louisiana planters. Long before the war the harvesting devices were struggling for recognition, but it took the manpower shortage to put them over.

Progressive-minded Louisiana planters and inventors began tackling the idea of cutting cane mechanically as far back as 1889. G. D. Luce in 1904 patented a cane harvester, on which he continued to work until 1918. Other patents were taken out in 1925, and still another machine developed in Australia was tested in Cuba and Florida during the late twenties. High initial cost, bulk, weight, and lack of maneuverability were early difficulties.

• **Technical Difficulties**—In developing a cane harvester, many technical problems had to be overcome. In addition, there was virtually no demand for the device, since plenty of cheap hand labor was available.

Sugar cane is extremely bulky and offers a great deal more resistance to the cutting than does grain or grass.

The most valuable part of the cane is closest to the ground, which means that it must be cut as close as possible. This involved hazards to the cutting tool.

The stalks are not always erect and straight on the row, but are frequently crooked and lodged across the rows, presenting a problem in lifting and gathering.

• **Must Be Stripped**—In addition to being cut at the ground, the cane must be topped and stripped. Cane stalks are not all of uniform length and the proper height for topping one stalk might be too high or too low for another.

Stubble crops are expected from cane, and the harvester must be designed and operated so that this stubble won't be damaged.

In spite of these problems and public indifference, Louisiana inventors kept driving for an economical, efficient harvester.

• **Machines Improved**—S. A. Thornton of Jeanerette, La., started work on a windrowing machine in 1929 and revised it with improvements in 1935. J. J. Munson of the South Coast Corp. and B. C. Thomson of the Thomson Machinery Co. began working on a light windrowing machine about 1937, and had it in the field for the 1938 crop. Improvements have been made from year to year.

In 1940 H. B. Naquin of Thibodaux,

La., brought out a light machine which cut the cane only at the bottom, but two years later he added a topping device to his machine and is working on further improvements. All of these machines cut the cane at top and bottom and lay it on the ground. In 1939 A. R. Wurtele developed a machine that would also load cane in the wagon or cart, thus extending the work capacity of the harvester he had developed earlier (BW—Oct. 1'38, p47).

When the United States entered the war in 1941 there were 122 cane harvesters in operation in Louisiana, harvesting approximately 615,000 tons of cane. In 1942 there were 272 machines that harvested approximately 1,540,000 tons of cane. The critical material and manpower shortage curtailed production of machines in 1943, only 84 being built. For the harvest of 1944 there was a total of 356 mechanical harvesters available. Most of them are owned individually by plantation



Two of Louisiana's most popular sugar cane harvesters are the Thomson self-propelled machine (above), which piles up the stalks for collection, and the Wurtele tractor-mounted job (below) which deposits them in a field wagon.



operators but there is some custom harvesting.

• **Operations Vary**—Nearly 90% of the cane harvester manufacturing is in the hands of three Louisiana firms—the Thomson Machinery Co. at Labadieville, the Thornton Machine Co. of Jeanerette, and the Wurtele Cane Harvester Co. of Mix.

The Thomson unit is self propelled, shaves the cane about an inch from the ground, and cuts the tops, laying the cane across the rows for the mechanical loader to come along later and pick up. A recent development in the Thomson harvester is the laying of three rows of cane in the first row cut, thus effecting a two-thirds reduction in the pickup labor required.

The Wurtele harvester, with an appliance for connecting it to a tractor, cuts both bottom and tops and loads the cane in a wagon. In the Wurtele operation the shucking is done with pitchforks, in the Thomson operation by burning.

• **Units Demonstrated**—At the Westover Plantation of Milliken & Farwell, Inc., New Orleans sugar company, Gov. Jimmie H. Davis and a group of Louisiana's leading cane planters recently witnessed a demonstration of Thomson and Wurtele units.

The observers saw the harvesters move down the rows, neatly severing the cane hardly an inch from the ground. The machines are set to top stalks of average height. A harvester can cut about ten acres a day. Costs estimates vary considerably. One company claims 15¢ a ton, another 25¢, as compared with \$1.25 a ton for hand labor.

Use of the harvesters, designed for Louisiana soil and planting conditions, hasn't spread widely to other states, but some experiments have been made in Florida and Georgia. In Hawaii cane has been harvested by a "grab" machine which tears the stalks up by the roots (BW—Apr. 20 '40, p44). Mass production of mechanical harvesters is believed unlikely because of the comparatively small market and the variety of growing conditions.

• **Flame Cultivation**—Urged by the success of the harvester the sugar cane industry will next devote its sincere attention—no longer indifferent—to the possibilities of flame cultivation for the cane fields.

The basis of flame cultivation—when a flame 1,000°F is moved rapidly down a row of sugar cane—may be called differential burning similar to flame cultivation of cotton (BW—Aug. 16 '41, p20). The unwanted weeds and grasses are killed back, but the tougher sugar cane is only slightly retarded and basically unharmed.

Meet a Metal of Many Parts



— and learn a tested way
to meet post-war competition!

1 **Meet indium**—our latest "glamour" metal. Once indium was a laboratory curiosity, valued at \$20,000 an ounce. Today, this strange, silvery metal is an invaluable ingredient of airplane bearings and propeller finishes... yet costs only \$7.50 an ounce! And thereby hangs a tale...



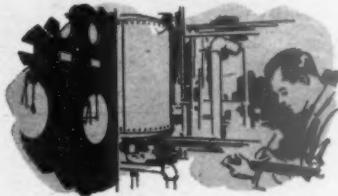
3 **Developing** these techniques was no cinch. Indium is a temperamental metal that reacts to heat in weird ways. Producers ran into one tricky control problem after another. They might be struggling yet had it not been for today's highly developed instrumentation—a science to which Foxboro has been the leading contributor.

The story of indium gives another dramatic instance of the widespread cost-reducing job that automatic instrumentation is doing. Less spectacular but just as significant are the savings these precision process-control tools are carving out for paper, food, textile, petroleum and many other industries.

Moral of this story is: If you're wondering how to meet post-war competition (and who isn't!) now is the time to tune-up your production



2 **Back in '41**, aviation engineers found in indium a material for extending bearing life from hundreds to thousands of hours. Sensing the metal's mighty military importance, indium producers sat up nights—and came up with new techniques to boost production and cut costs.



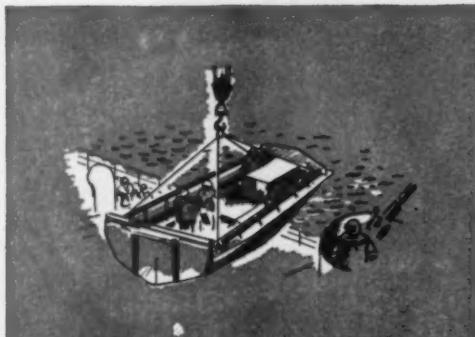
techniques. If present costs are too high, or your product quality shows too many rough spots, you probably need Foxboro Instrumentation to police critical temperature, pressure or flow. Foxboro's "know-how" is yours to command! The Foxboro Co., 120 Neponset Ave., Foxboro, Mass. Also Montreal, Canada. Branches in principal cities.

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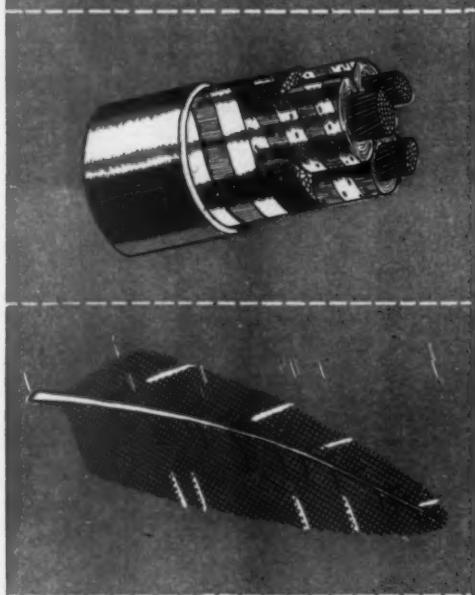


4 Wire Problems Solved

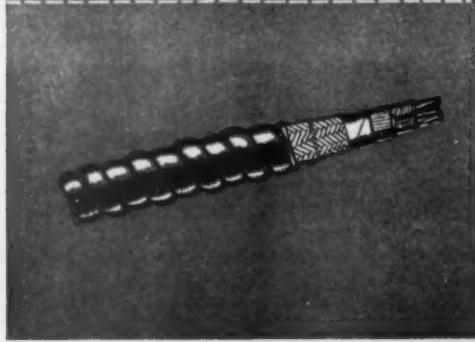
BY A SINGLE TRADE MARK!



LIFT for the vehicles of D day is provided by thousands of specially - designed Roebling Slings that send aircraft engines and landing craft on their way. Does your job call for sling engineering?



POWER by the k.w is surging to many a war plant through Roebling Shielded Type Paper Cables like this. Many an overloaded, over-worked circuit can thank Roebling cables for continued operation.



FEATHERWEIGHT filters to keep dust out of bomber engines? Sure — Roebling's Woven Wire Fabrics Division turns out screen made of .010" diameter aluminum wires, 20 to the inch. What's your filter problem?

TOUGH armor for "BX" cable sounds like a routine job, but the Roebling flat wires that make it aren't manufactured that way. Roebling Rounds, Flats and Shapes hit "specs" on the nose, fabricate easily.

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WIRE ROPE AND STRAND • FITTINGS • SLINGS • SUSPENSION BRIDGES AND CABLES
COLD ROLLED STRIP • HIGH AND LOW CARBON ACID AND BASIC OPEN HEARTH STEELS
AIRCORD, SWAGED TERMINALS AND ASSEMBLIES • AERIAL WIRE ROPE SYSTEMS • ROUND
AND SHAPED WIRE • ELECTRICAL WIRES AND CABLES • WIRE CLOTH AND NETTING

Cotton Still Fights

Development and research in resin bonded yarn are raising industry's hopes that tire cord battle isn't permanently lost.

Although rayon apparently has won its wartime battle against cotton for the heavy tire cord business (BW—Nov. 25 '44, p24), cotton interests aren't yet ready to concede a permanent victory. They may have a new weapon in the form of resin bonded yarn.

• **With Bonding Agents**—The fact that synthetic resins and other bonding agents can be used economically to eliminate much of the spinning and twisting that is done in the conventional cotton mill was disclosed at the recent annual meeting of the American Assn. of Textile Chemists & Col- orists.

Some time ago Riverside & Dan River Mills did some research on how to make cotton shoe thread as strong as linen. A patent was issued to Dr. Harley W. Jennings of Dan River's research staff on "fiber bonded" yarn. Jennings developed a method of applying a bonding agent to the spun and twisted yarn.

• **Tire Cord Research**—More recently, Dan River began tire cord research on the basis of the Jennings patent. It hit on the idea of applying the bonding agent at the first stage of yarn manu- facturing—that is, to the roving, the delicate, untwisted downy rope that appears after cleaned cotton fibers are first brought together in a kind of loose alignment.

The resin usually is applied in a liquid solution, which acts as a plasticizing agent; while the yarn is wet, it is stretched at tension just below the breaking point, and "set" in drying machinery.

• **Still in Development**—Questions on whether resin bonding will put cotton cord back on equal terms with rayon, or ahead of it, in the tire cord field are answered no further than Riverside's statement that the process is still in the development stage.

Two difficulties remain to be over- come. The chemical treating and mechanical stretching process, so far, stops short of producing a cord that has enough elongation (stretchability) to meet tire cord specifications; and, at the other end of the scale, it hasn't yet produced yarn of small enough diameter or elastic enough to use in the looms that weave domestic cotton goods.

• **Comparisons Made**—Dan River didn't throw down any challenge to rayon, but



GOOD FOR TWENTY-FIVE DOLLARS ANY SUNDAY

• Farmer Jones could count on at least twenty-five extra dollars any summer Sunday in those good old days . . . hauling out the cars which, one by one, chugged and panted to a helpless standstill in the mudhole in front of his place.

But the cars which whiz along countless country highways nowadays are untroubled by mudholes, hills or rough going. Luxurious, dependable and safe, they are the products of an amazing quarter-century of automotive progress and of the initiative, vision and tremendous energy of the men in this

youthful and dynamic industry.

The Eaton organization, by supplying mass-manufactured precision parts for many makes and models of cars, has done its best to contribute to that progress . . . to the development of the modern automobile and of the production methods which made it possible to build such *quality* into cars which rolled off the assembly lines by the hundreds or thousands every day.

The new knowledge and new techniques developed by Eaton in working with automotive and aircraft

engineers during the war, have added greatly to the value of Eaton's thirty years' experience with these industries. After the war is completely won, everything that Eaton has in ability, experience and resources will again be devoted to peacetime progress in motor vehicles and aircraft.

EATON

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This Practical PROFIT-PRODUCER Works Anywhere

If you think your business is "different," here are some things you should know about the Morton Suggestion System.

- 1—This veteran of more than 10,000 installations gets a sustained volume of time and money-saving ideas from the employees of any kind or type of business.
- 2—The Morton Suggestion System is complete. Its equipment, methods and appeals were designed by professionals to get action from employees.
- 3—Properly operated Morton Suggestion Systems usually return a year's cost within 30 days.
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It costs nothing to get complete details about what this valuable aid to more profitable operation can do for you. Make it your business to get that story immediately. Write us today.

**MORTON MANUFACTURING CO.
SUGGESTION SYSTEM DIVISION**
351 N. Leamington Ave., Chicago 44, Ill.

it did make some comparisons between resin bonded tire cord and conventional cotton tire cord.

In development work Dan River used roving of 1,200 yd. to the pound, from which yarn that was slightly finer in diameter, slightly lighter, and considerably stronger than what the trade knows as 12/4-2 cord (theoretically, 1,260 yd. to the pound, actually about 1,050 yd.) was produced.

• **Strength Reported**—The conventional cotton cord had breaking strength of 17½ lb., whereas the resin bonded cord strength was reported to be 24 lb. However, the Riverside process cord had so little elongation (only about 1% at load of 10 lb.) that it would not be used in tires, and probably not in most cotton goods. Tire cord specifications require 6% to 7% elongation at 10 lb.

This difficulty, in theory, may be overcome if another process is added, to shrink the yarn, after stretching, and thus make it more stretchable. The trick is to do this without sacrificing too much strength.

• **Future Seen**—Although the resin bonded process isn't ready to invade the tire cord market, its sponsors see an immediate future in cord for transmission belts, where high strength and minimum stretch are required. There probably will be other applications. Resin bonded cord may be made relatively soft and weak, or relatively stiff

and strong, depending upon amount and type of bonding agent. Resin pickup so far, has been varied in the range from 2% to 10% of dry yarn weight.

Dan River hopes to apply the resin bonded process to a perennial problem increasing the usefulness of short staple cotton. It points out that about 5,000,000 bales of short staple cotton are on hand.

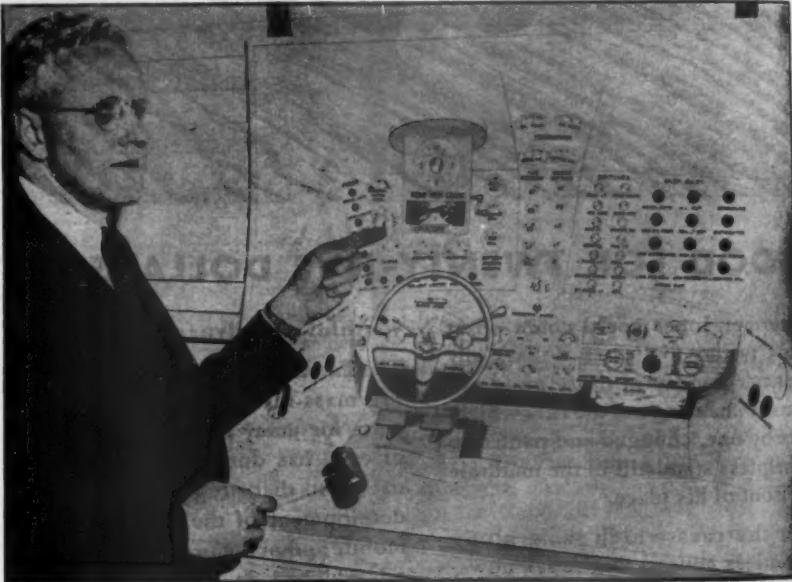
DIESEL OUTLOOK EXAMINED

Twenty-five top diesel builders, members of the Diesel Engine Manufacturers Assn., met in Cleveland last week to survey the outlook for their industry. They forecast that 1945 production will exceed this year's regardless of whether Germany surrenders.

Output for 1944—mostly for the Army and Navy—will be more than \$750,000,000, twice the total volume in the 40 years before the war.

Primary gain expected for the postwar future will be in trucks and buses, only a small percentage of which were diesel-powered before the war. The expectation is based on the efficiency and economy with which diesels utilize fuel oil instead of gasoline.

The D.E.M.A. has launched a program to encourage engineering schools to offer special courses in diesel engineering and to urge manufacturers to take young engineers into their organ-



DESIGNER'S DREAM

E. F. Webb, Chrysler engineer, shows what the postwar motorist might face if all the ideas for instruments were put in one car. With everything from tachometers to barometers, the gage-

laden dashboard would overflow windshields and require a periscope for the driver. Webb's demonstration before the Detroit Society of Automotive Engineers met unanimous agreement that prewar simplicity in auto controls wouldn't be revolutionized.

We Need..."



FOR DESTROYERS

Main propulsion turbines capable of driving them at high speeds, propulsion shafting, pumps, motors.



FOR BABY FLAT TOPS

Propulsion turbines, motors, pumps, switchboards, main condensers, auxiliary condensers.

What will You want to build?

PRODUCING the world's largest variety of marine equipment—for the U. S. Navy, for the Maritime Commission—is just one of our war jobs...

We are turning out revolutionary *gas turbines* for Houdry oil refineries—sensational new electronic devices for war plants

—tractors, bulldozers, motors, pumps, crushers, V-belt drives...more than 1600 different war, war industry and farm products!

From all this work is coming knowledge and experience of tremendous value to peacetime America.

Allis-Chalmers Mfg. Co., Milwaukee



Official U. S. Navy Photographs

'argest Line of Major Equipment—

ALMERS

VICTORY NEWS

Boost Transformer Capacity: The latest in forced oil cooling—the new Allis-Chalmers Electro Cooler—is capable of jumping capacity of most transformers now in service by 20 to 60%.

The unit is entirely self-contained, extremely simple in design with few wearing parts to cause trouble. It employs no glands or stuffing boxes and can be easily installed or removed without shifting the transformer. For full information, call the A-C office near you.

Saves Time, Work, Manpower: Already tested and proved, Allis-Chalmers' new one-man hay baler waits only for the end of war to go into mass production. Power take-off driven and completely self-acting, this amazing farm machine has a capacity that equals or exceeds that of conventional 3- or 4-man pick-up baler.



This baler forms a new type rolled bale which is weather-resistant and offers a simple and economical way of packaging, storing, feeding, transporting hay or straw.

Newest Power Plant in 50 Years: That's what people are calling the sensational new Gas Turbine made by Allis-Chalmers, and limited at present to strict war use.

Gas turbines are simple and compact in design, economical in operation, yet pack a whirlwind of power. Many A-C units are already in use in oil refineries speeding manufacture of 100-octane gasoline!

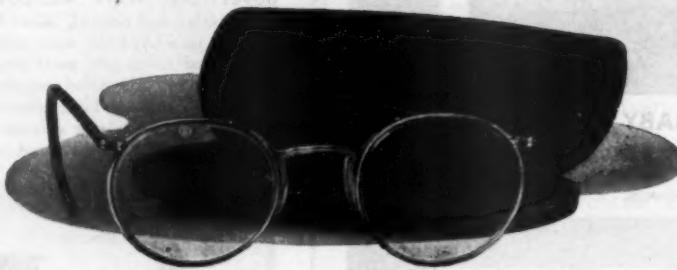
FOR VICTORY
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BLUE NETWORK—COAST-TO-COAST

Safety Goggles



are CHECK
PROTECTORS too



An eye accident can cost as much as a raised check—frequently \$1000 or more. Yet, according to conservative estimates, 98% of all eye accidents are preventable. The wearing of safety goggles practically eliminates the danger from eye hazards. And the price of such protection is low . . . only about \$1.50 per employee. Your Safety Director can show you how an adequate eye protection program can materially *reduce your production costs*. Why not let him work out the details with an AO Safety Representative?

American Optical
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CALL IN AN AO MAN AND KEEP YOUR PRODUCTION EYES PRODUCING

izations. Also proposed is that the government distribute to such engineering schools for training purposes 2,000 surplus diesels.

No diesel manufacturer is likely to enter the postwar passenger automobile field. It is explained that the average owner turns in his car after 20,000 mi. or so, and that a diesel engine is just getting warmed up at that time.

DESIGNING DOESN'T STOP

Answering the question "Why can't airplane design be frozen?" the Aircraft War Production Council of Los Angeles has gathered in some engineering man-hour figures from West Coast plane plants, and found that drawing-board work has just begun when a first plane is delivered.

To design a typical fighter up to delivery, an average of 140,273 engineering man-hours is needed, and after delivery 1,617,335. For a typical bomber 414,012 man-hours are required up to delivery, and then 2,553,683.

Time is spent in an increasing ratio to maintain design, because the armed forces ask for changes based on battle experience, developments in plane-building technique, and shifts in fighting fronts, while improved factory methods dictate production changes that have to be engineered, and subcontractors have to have new specifications.

ONE BILLION GALLONS!

Humble Oil & Refining Co. (Jersey Standard subsidiary) delivered its billionth gallon of aviation gasoline to military officials in a ceremony at its Baytown refinery near Houston this week. The Humble record, which the company claims is tops for all U. S. refineries, was reached as the Army began to urge several oil companies to consider additional facilities beyond those required for the existing 100-octane program.

Shell Oil Co., Inc., meanwhile, announced WPB approval of a "major construction program," at its Houston refinery, including plans for a new fluid catalytic cracking unit, gas recovery unit, and alkylation unit.

KITCHEN FURNITURE TOO

One more answer to the question of what to do with all the excess aluminum capacity after the war (BW-Dec. 9 '44, p22) was made this week when it became known that the Aluminum Co. of America is planning a postwar line of aluminum kitchen furniture to supplement the kitchen utensil line of its subsidiary, the Aluminum Cooking Utensil Co., New Kensington, Pa.



Will Your competitor gain an edge through LOW COST STEAM

His chances of doing so are good — other things being equal — if his steam costs are less than yours. For the cost of steam is an important part of total production costs. Therefore, it affects the prices that will go far toward winning and holding customers in the highly competitive era ahead.

Old, inefficient steam generating equipment is always a vulnerable spot in a company's effort to hold its markets. It is an ever-present source of losses that are substantial yet difficult to total up in dollars — losses attributable to low fuel burning efficiency and inability to use the cheaper grades of fuel — losses resulting from excessively high maintenance, — and, most serious of all, losses of production time incident to breakdowns which at times may necessitate shutting down the entire plant.

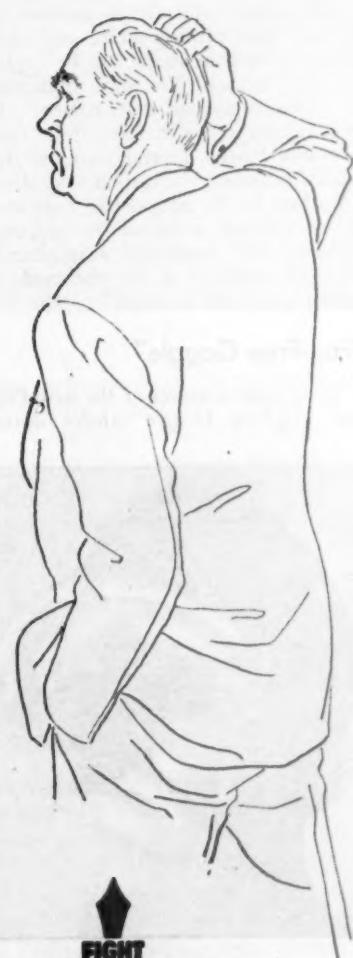
Some of these losses can be eliminated and the others minimized by the installation of modern C-E Steam Generating Equipment. Such an installation would be designed to utilize efficiently the poorer grades of low-cost fuel available in your locality. It would provide a dependable supply of steam at all times with the reserve capacity needed for peak operation. Finally, it would provide low maintenance expense and maximum assurance against costly interruptions of production.

Because of these lasting operating benefits, an installation of C-E equipment can be a farsighted and profitable part of your investment program for strengthening your competitive position in the future.

C-E INSTALLATIONS span the entire range of steam generating requirements from small stoker-fired boilers of less than 50 horsepower to the largest power station units.



COMBUSTION ENGINEERING
200 Madison Avenue, New York 16, N.Y.



NEW PRODUCTS

Enameling Steel

Newest product of the Inland Steel Co., First National Bank Bldg., Chicago, is "Ti-Namel Steel," a vitreous-enameling sheet of superior characteristics developed in cooperation with the Titanium Alloy Mfg. Co., Niagara Falls, N. Y. Titanium is added to steel during processing in a quantity sufficient to combine with much of the latter's carbon and form titanium carbide which promises not to react with enameling frits to cause gassing and consequent black specks, pits, and blisters in enameled products.

End results are said to include: (1) a sheet that permits white and pastel colors of vitreous enamel to be applied directly "without the prior application of a base, or ground coat, enamel"; (2) drawing properties that are "fully equal to the best deep drawing iron and steel sheets, including the carbon steel sheets furnished to the automotive industry"; (3) "increased resistance to sagging," meaning that "enameled ware truer to required shape can be obtained, or lighter gages can be used."

"Fog-Free Goggle"

Every time a wearer of the new Polaroid Fog-Free Goggle inhales during



normal breathing, a draft of outside air is drawn through intake vents in the outer sides of its rubber frame to remove moisture from within the goggle before there is enough of it to condense as fog on the plastic lens. Exhalation closes an inlet valve and opens an outlet valve in the lower part of the protruding nosepiece for expelling spent air from the lungs.

It is claimed that the new safety device will not cloud up "regardless of how much the wearer perspires," and that it is "most efficient for protecting eyes against dust." Polaroid Corp., Cambridge 39, Mass., designed the goggle and will furnish plastic lenses

THINGS TO COME

Bulkheads between the compartments for pilots and passengers on airliners of the future have been suggested as likely backgrounds for television and motion picture screens to while away long journeys. Whether such entertainment will materialize or not, there will still be room on the partitions for a number of large, legible instrument dials to keep passengers continuously posted on flight conditions. In a typical installation there will probably be an altimeter, an indicator for air speed, a compass with pointer showing the plane's course, and a clock.

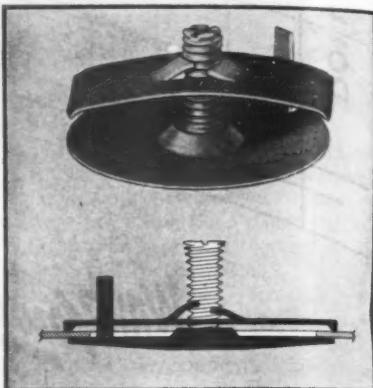
Quick winter starts will be routine after the war for the engines of construction machines, trucks, passenger cars, and other equipment that is parked in the great outdoors. A shot of a new starting fluid, formulated for planes based in Alaska and other really cold places, is reported to "kick the coldest engine into life instantly . . . on compression alone, if need be."

Operational instructions, wiring, diagrams, warnings against misuse, and other messages from manufacturer to user will be integral parts of peacetime products ranging from home appliances to locomotives. Basis for the prediction is favorable military experience with similar loss-proof instructions which are helping to keep jeeps, tanks, artillery, and a host of equally complex equipment in continuous service and out of the repair shop. That the instructions will be integral with a product and permanent is assured because the decalcomanias that will carry them are proving resistant to water, fumes, abrasion, vibration, and temperature extremes in the line of wartime duty.

for it. H. L. Bouton Co., Buzzards Bay, Mass., will manufacture it. Welsh Mfg. Co., Troy and Oak Sts., Providence 9, R. I., will be the sole distribution agency.

Cover Plates

Designed originally as patches for bullet holes in military planes, Speed Nut Cover Plates will continue to be manufactured by Tinnerman Products, Inc., 2047 Fulton Rd., Cleveland 13, as removable covers for inspection doors, access holes, vent holes, and many other



industrial applications. They will also be used to seal up holes left after alterations or removal of equipment.

Made of SAE 1060 steel, heat-treated, Parkerized, and primed with zinc chromate, the plates are said to be "easily and quickly attached from one side by sliding one end of the Speed Nut into the hole, centering the cover plate over the hole, and tightening the screw. The turned-down tab on the cover plate prevents the nut from turning when the screw is tightened." Standard sizes are already available to cover 29/32-in., 1 1/8-in., and 1 1/2-in. holes in a wide range of panel thicknesses.

Payroll Assister

New ease in computing payrolls to accord with federal wage and hour laws, Walsh-Healey public contracts act, executive order No. 9240, and the federal withholding tax laws that will become effective Jan. 1 is promised by "The Payroll Auditor," published by the Payroll Audit Co., Owatonna, Minn. Regular, overtime, and total pay are all prefigured for rates ranging from 30¢ to \$2 an hour for work-weeks of from 1/2 hour to 60 hours. Withholding tax rates are prefigured on a daily, biweekly, semi-monthly, or monthly basis. The book is printed in two colors on 8 1/2 x 11-in. Eye-Ease ledger paper, conveniently indexed with plastic-covered tabs, and bound in a sturdy loose-leaf binder.

Buzzards
Welsh
Provi-
distribu-

for bul-
ed Nut
manu-
s, Inc.,
as re-
doors,
y other

DESIGN VISIONS CAPTURED



Complete research and design facilities are available to assist manufacturers and engineers. In addition a full line of Fulton Sylphon pressure and temperature control devices is manufactured to meet a demand for complete, ready-to-install instruments.



A NEW MOVIE FILM—"The Story of Metal Bellows"—is available to interested executives and organizations.



EVERY ONE of the instruments of better living that surround us today was somebody's "dream" at one time or another . . . somebody conceived a mental picture of a better, easier or less expensive way of doing something.

Many of these design visions proved to be impractical, but scores of them matured into devices vital to daily life as we have grown to know it.

Sylphon Bellows have become essential parts of almost everything that moves, gets hot or cold or just stays at one temperature. These ingenious metal diaphragms convert temperature and pressure effects into controlled mechanical movement, to set valves, throw switches and scores of other functions.

For over 40 years The Fulton Sylphon Co. has been working closely with men who have had visions of better ways of doing things . . . helping them to reduce these visions to tangible, practical instruments of better living.

Perhaps there is a place in your business for Sylphon Bellows. Bulletin YW-130 gives complete information.

FULTON SYLPHON



TEMPERATURE CONTROLS

BELLOWS . . . BELLOWS ASSEMBLIES

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Canadian Representatives, Boiling Brothers, Montreal

Year for Rails

Completion of four major reorganizations makes 1944 an eventful period. Section 77 is facilitated by court ruling.

In sight for Western Pacific R. R. bondholders is the end of a tiresome wait which started in mid-1935 when that road asked the U. S. District Court in San Francisco for permission to reorganize under the then new and untested Section 77 of the Federal Bankruptcy Act.

This assurance finally came recently when the court, informed that arrangements had been completed for distributing the new securities and cash payments provided for under the reorganization plan, ordered the road's emergence from its nine-year trusteeship on Dec. 29.

• **Outstanding Year**—This makes the fourth major rail reorganization accomplished this year, compared with only eight during 1941-43. Considering the

mileage involved and the amount of old funded debt put through the reorganization wringer, 1944 may prove to be the outstanding year in the gigantic task of railroad rehabilitation.

Fifteen years ago anyone even predicting the possibility of such a task would most likely have been hooted out of the country's financial marts. But only two years later—in 1931—such forecasts would have been accorded a more respectful reception. By then it was evident that, despite the record-breaking prosperity of the roaring twenties, the rail industry would be the first real victim of the economic conditions that followed the 1929 stock market debacle.

• **S. O. S. Heard Frequently**—As early as December, 1930, the Seaboard Airline system, already badly jarred by the Florida land boom collapse four years earlier, had to call for help.

Three more roads followed in 1931, four more in 1932, and from there on the trail to the bankruptcy courts became a much traveled thoroughfare, so far as the rail industry was concerned.

Before the parade was ended by the spectacular war traffic, which at least

temporarily solved the rails' most pressing problems, 30 sizable roads had found the going too rough and had asked for reorganization under Section 77 or had sought refuge in equity receivership.

• **Big Debt Involved**—Involved in such proceedings were some 74,000 of the 229,000-odd miles of road operated by the nation's Class 1 rail carriers (those reporting an annual gross in excess of \$1,000,000). Also involved, although interest on some bonds of bankrupt roads continued to be paid, was about \$3,800,000,000 of fixed debt obligations, some 33% of the entire railroad funded debt outstanding at the close of 1929.

Made more vulnerable by the combined impact of deflated earnings, excessive capitalization, and depression conditions, railroad victims ran the gamut from a slightly known 120-mi. carrier to the 10,000 mi. Chicago, Milwaukee, St. Paul & Pacific and Missouri Pacific systems.

Five other systems, operating almost 10,000 mi. of lines, took steps to avoid the courts. With the approval of their security holders they were able to consummate comprehensive voluntary financial readjustment plans under provisions of either the McLaughlin act or its predecessor, the Chandler act.

• **Demand for Legislation**—Section 77, the favorite medium recently for effecting railroad reorganizations, was enacted in 1933 after both private investors and public authorities, with an eye on the flood of railroad failures, started demanding a substitute for the often unsatisfactory equity procedure.

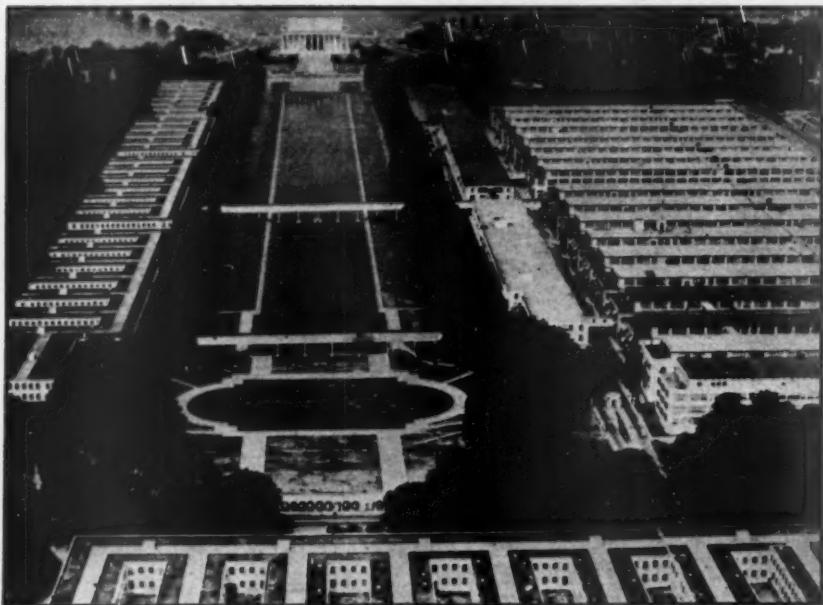
Designed to correct this condition, Section 77's main feature is that it transfers the effective function of reorganization managers to the Interstate Commerce Commission, a disinterested party, and provides for consummation of plans on approval of only two-thirds of those voting in each class of affected security holders or other creditors. If the court finds the plan fair and equitable, even the two-thirds vote is not required.

Like all new statutes, various phases of Section 77 were disputed, thus slowing early reorganization proceedings.

However, the tempo has speeded up somewhat, since the U. S. Supreme Court in early 1943 ruled that the ICC, which has wide powers over readjustment plans under 77, was the final authority to decide what a new capital structure was to consist of and whether a plan is in the public interest (BW-Mar. 20 '43, p. 106).

• **Total Debt Cut**—Thus far the ICC, which in effect writes the plans, has been most conservative in figuring the amount of new capitalizations.

Plans approved, or proposed by ICC

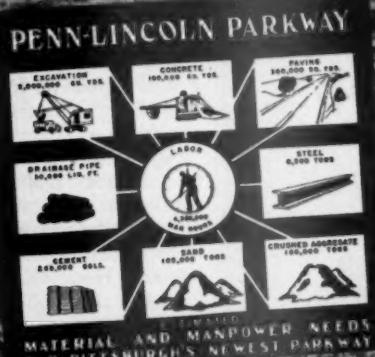


TEMPORARY BUT NEAT

Viewed from atop Washington Monument, row upon row of barracks reflect the Navy's historic growth and the capital's wartime housing shortage. But unlike the drab sheds Washington spawned during the World

War, these temporary structures blend symmetrically with the landscape of the Mall and Lincoln Memorial. Flanked on three sides by Navy quarters are the Lily Pond and the famed Reflection Pool over which footbridges have been built for convenient travel between buildings.

LEADERS IN POSTWAR PLANNING...



Proposed Penn-Lincoln Parkway, surveyed and designed by Michael Baker, Jr., Consulting Engineer, Rochester, Pa., under contract to the State Department of Highways in Pennsylvania.

\$25,000,000 Penn-Lincoln Parkway Project in Pennsylvania State Highway \$500,000,000 Program Blueprinted and Ready to Go!

STREAMLINED and 9.33 miles long, this high-speed 4 and 6-lane express thoroughfare will pick up two main national highways, the William Penn and the Lincoln, east of Pittsburgh, near Wilkinsburg, and carry as high as 56,000 motor vehicles per day to and from the heart of Pittsburgh's Golden Triangle.

This project represents one of the most complex parkway jobs ever attempted, and contains nearly every problem that can be encountered in highway design. In addition, it is testimony to the far-seeing courage of a community and state that

Pennsylvania's Highway Secretary, John U. Shroyer, says: "Our far-reaching, long-range \$500,000,000 postwar highway program is designed to and will open every county of the state to markets, and also attract industry as well as tourists to Pennsylvania. It will benefit every citizen immediately following the war, and far into the future. It should serve to stimulate the postwar plans of every other state in the Union."

recognize the tremendous postwar labor-utilizing value of this project.

The Penn-Lincoln Parkway part of the state's \$500,000,000 highway program will provide an estimated 4,350,000 man-hours of labor alone, not to mention the labor required for materials, production, etc.!

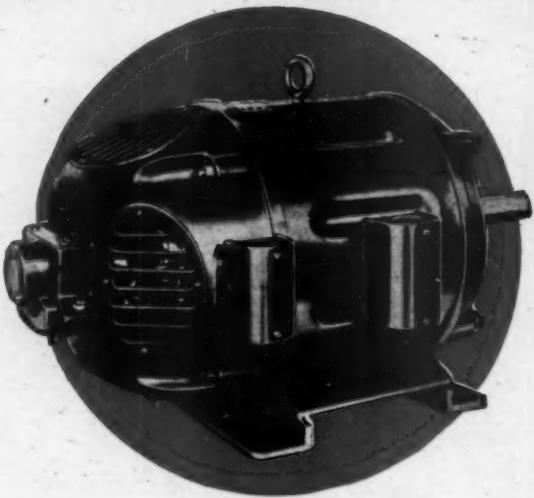
Quick action in getting necessary projects blueprinted now, and ready for actual construction when civilian building again is possible, will go a long way in providing gainful employment to at least 10 million people throughout America. Get together with your architect and engineer today!

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examiners, show on the average total debt cut some 57% below the previous level. On much of this new debt, interest is to be paid only to the extent that earnings permit. Annual fixed charges, as a result, show a slicing of around 71%.

In almost all the new reorganization plans, the ICC, in addition, has created a capital fund into which must be paid a sum equal to from 2% to 3% of annual gross revenues, or a fixed amount.

Against this capital fund, which must be charged against earnings before contingent interest payments, may be credited "depreciation of plant and structures" recently authorized by the commission. However, these measures will have the effect of reducing funds available for contingent interest, and they are in line with the ICC's conservative tendencies in setting up new capital structures.

The first of the post-1929 systems to be reorganized was the Mobile & Ohio in 1940. This was accomplished in equity receivership proceedings and proved relatively easy, since the property was merged with the solvent Gulf, Mobile & Northern to form the present Gulf, Mobile & Ohio system.

• **First in 1941**—The next reorganization—and the first under Section 77—was the Chicago & Eastern Illinois early in 1941. Before the year ended three more roads, the Chicago & Great Western, the Spokane International, and the Erie, were released from bankruptcy through the same medium.

None of the 1941 reorganizations presented any outstanding difficulties. From then on, however, Section 77 plans were disrupted by two years of litigation. As a result, two roads reorganized in 1942 and two in 1943 were handled through equity receivership actions. These were the Norfolk & Southern, the Wabash, the Ann Arbor R. (a Wabash affiliate released from bankruptcy without changes in its publicly held securities), and the Minneapolis & St. Louis (previously in bankruptcy for 20 years).

• **Back to 77**—This year, however, with the atmosphere cleared by the 1943 Supreme Court decision, there has been greater Section 77 activity. Completion in 1944 of the reorganization of the Akron, Canton & Youngstown, the Chicago & North Western, the Minneapolis, St. Paul & Sault Ste. Marie, and the Western Pacific systems under Section 77 involved over 12,600 mi. of lines plus old funded debt structures totaling close to \$600,000,000.

Wall Street is confident that the Chicago, Rock Island & Pacific, the Chicago, Milwaukee, St. Paul & Pacific, and the Denver, Rio Grande & Western should emerge reorganized out of Sec-

total previous interest that is paid on fixed capital is 71%. The Street also expects action during 1945 on the New York, New Haven & Hartford, the St. Louis Southwestern, the St. Louis-San Francisco, and, perhaps, the Seaboard Airline.

Reorganization of the much fought-over Missouri Pacific and the Chicago, Indianapolis & Louisville, as well, may be seen within the next 12 to 15 months. Other rail financial readjustment jobs may take considerably longer.

• **More for Bondholders**—The great rise in market values of the defaulted rail bond groups over the past two years reflects the better treatment bondholders are receiving. Stockholders are still being wiped out despite war-swollen earnings.

G.I. Farm Loans

Local committees will aid veterans in making investment. Maximum interest charge is set at 4% by federal agency.

Regulations covering all loans made to veterans under the G. I. Bill of Rights for the purpose of buying farms or farm equipment, or of altering or improving farms that they already own, have finally been set up by the Veterans Administration. The agency expects to begin approving applications in the near future.

• **Limited Guarantee**—As is the case with veterans' loans for purchasing residential properties—first of the rules to be made public (BW—Nov. 4 '44, p66)—the Veterans Administration makes no direct loans and is empowered to guarantee only 50% of any private farm loans to veterans up to a maximum guarantee of \$2,000.

In the setup devised by the Veterans Administration, the Dept. of Agriculture will play an important part by organizing local veterans advisory committees to work with the department's Agricultural Extension Service.

• **Local Groups to Help**—Made up of successful local farmers and businessmen, these committees will have no power specifically to recommend credits. However, in an advisory capacity, they will perform an important service by protecting the returning serviceman from numerous pitfalls, with their main effort directed at discouraging any unwise investment in the farm field that might saddle the veteran with a burdensome debt.

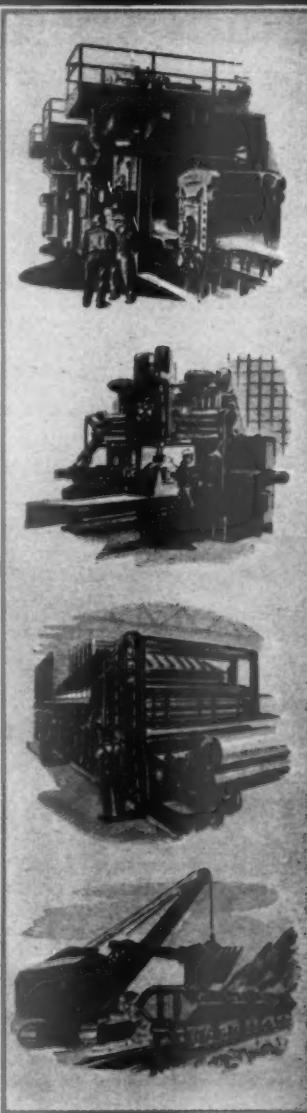
If a veteran is familiar with the community in which he desires to locate, he will not need to contact the local advisory committee.

Instead, the prospective lender will

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send the loan application of such a veteran direct to a local "veterans' loan certifying committee." That group of committees will operate in conjunction with the Farm Security Administration recommending acceptance or dismission of every G. I. farm loan application.

• **Some Second Mortgages**—In general all G. I. farm loans will have to be secured by first liens except where they have been made under special provisions which permit a guarantee of second mortgage loans when the first mortgage is either held, guaranteed, or insured by another federal agency.

In such cases, the amount of the guarantee can not exceed 20% of the total purchase price of the property and it likewise continues subject to a \$2,000 maximum. Interest charged on such second mortgages may be 1% higher than charged on the first lien, but the rate on no G. I. farm loan is to exceed 4% in any event.

• **The Restrictions**—G. I.'s who want to enter the agricultural field for the first time are warned that the Veterans Administration is only empowered to guarantee such loans when it is certain that the funds are to be used for the purpose borrowed and in bona fide farming operations by the veteran; that the veteran has sufficient ability and experience to warrant the reasonable expectation that his operations will prove successful and that the price paid is not unreasonable.

U.G.I. PENSION UPHELD

The proposed retirement annuity plan of the United Gas Improvement Co. of Philadelphia, objected to by some stockholders (BW-Jun.17/48), has passed its first court test.

The plan calls for payment by U.G.I. to the John Hancock Mutual Life Insurance Co. of a lump sum of approximately \$765,000 and about \$28,000 premium for the first year, increasing for the next four years, and lesser amounts for future years.

Minority stockholders contended that the payments would recompense beneficiaries for past service for which they had been paid salaries, as well as constituting a gift of U.G.I. property to employees, thereby impairing the company's assets.

Two judges ruled the plan was legal under the Pennsylvania constitution, and held that there was no allegation or proof of bad faith, fraud, or waste.

Under the plan, the annuities, taken together with federal old age benefits, would range from approximately 40% of the average pay of the higher paid employees to approximately 62% of the average pay of employees in the lower salary brackets.

The glass that chases shadows...



MOVIES are so well photographed today you'd think Hollywood didn't have any problems. But here's a dandy:

In sunlight or intense indoor lighting an object sometimes throws a shadow so black it looks like a hole in the ground! What they do is wash out the shadow with light from a big lamp with a lens like the one shown above in a test at Corning.

Corning makes these lenses in many sizes out of special heat resistant glass that won't crack under the terrific heat of a large lamp, and makes them so accurate that light can be regulated from an intense spot that will chase away a shadow, to a huge flood for a complete stage set.

You'll find Corning lenses of all shapes and varieties today in the far corners of the

world. Along the right of way of our hard-working railroads. On our battleships and supply vessels. Ice-incrusted on submarines in Arctic waters. On fighters and bombers.

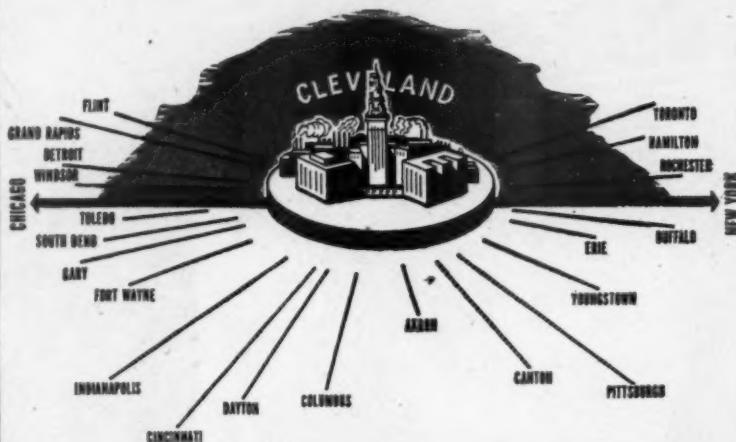
And this is only one field in which Corning's knowledge of glass is helping our nation at war. In the conservation of metals Corning has demonstrated that glass can often replace metal and do a better job.

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Probe Extended

Elastic Stop Nut trading is suspended for ten more days as SEC pushes its investigation. Ban on reports is stayed.

Temporary suspension of trading in Elastic Stop Nut Co. securities, ordered by the Securities & Exchange Commission (BW-Dec. 9 '44, p58), has been extended for another ten-day period, and both SEC and New York State's Attorney General Nathaniel L. Goldstein have announced intentions to probe deeply into the corporation's affairs.

• **Hearings Planned**—SEC has announced that it intends to discover if the company, whose annual sales rose from \$621,000 in 1938 to over \$42,000,000 for its 1943 fiscal year and whose profits after taxes skyrocketed from only \$176,000 to \$1,964,000, presented any incorrect statements of fact or omitted any required material facts in registering \$3,500,000 5% debentures in early 1944, or in applying last summer to list its common stock on the New York Stock Exchange.

This investigation will involve public hearings scheduled to start on Dec. 15. The commission reported that a further suspension of trading was required "in the public interest" pending the development of facts concerning the company.

• **Unfilled Orders Cited**—Goldstein, on the other hand, has said that the state's interest in the situation will be mainly centered on the sale of the debentures last winter. His investigation "has been undertaken because of rumors that have been current" concerning "the completeness of the information" furnished by the company at the time it sold those bonds publicly.

The company has yet to comment on these developments, but it has announced that its backlog of unfilled orders rose \$21,000 in November to \$9,476,000 since a 48% increase in ordnance items to \$4,501,000 offset a drop of some 8% in the demand for the company's self-locking nuts.

• **No Word on Dividends**—Interest due on its debentures Jan. 15, 1945, the corporation says, will be paid. However, no action has been taken yet on the quarterly dividend due Jan. 1 on its 6% preferred shares pending audited results of operations for the fiscal year ended Nov. 30.

Wall Street recalls that the company was rolling along happily with its pockets bulging with unfilled orders at the first of the year. (The company reported a backlog of \$21,377,000 at the

close of February.) But the Street now thinks that prospects soon began to show a drastic change for the worse.

Consequently, even though the company was under no compulsion to furnish quarterly operating statements until it listed its common stock on the New York Stock Exchange last September, the Street believes that the management should have let security holders know what was happening, especially after the excellent first-half operating report.

• **Worry Over Reports**—The changed situation for this war baby has started some worry in the financial district over bans against disclosure of detailed operating reports which have existed since the War Dept. in June, 1942, initially asked Army Air Forces contractors to stop issuing quarterly reports.

Since the order originally covered about 500 companies with securities listed on the Big Board, it was finally amended, at the request of the exchange, to cover only makers or assemblers of military aircraft. There are now only 13 companies with securities listed on the exchange unable to release quarterly reports.

However, a somewhat similar October, 1942, War Dept. order still effectively prohibits companies in war production from publishing detailed reports "that would indicate in any way the rates of production, or the total production, of a particular product used in the prosecution of the war or war-production processes." The rule now applies to about half the companies with stocks listed on the Big Board.

• **Street Wants Change**—This prevents full disclosure of all details, and Wall Streeters would like to see this ban erased so that not only stockholders with "inside dope" on coming events but all stockholders will be able to trade intelligently during the period of war contract cancellations they see ahead.

TRAM LINE SOLD

For 17 years the Security-First National Bank of Los Angeles, trustee for the estate of Henry E. Huntington, has sought to sell the Los Angeles Railway Corp. but the right offer was never made.

Last week it came, and the \$56,000,000 Los Angeles Railway Corp. was sold to the American City Lines of Chicago, a subsidiary of the National City Lines. Also involved in the transaction, for an undisclosed price, was a half interest in the Los Angeles Motor Coach Lines.

The sale involves 421 buses, 1,034 streetcars, and 373 mi. of street railways. The transfer becomes effective early next year.

Despite some labor troubles over employment of Negroes, operations of the

Typical Results

ATTAINED BY PLUNGE GRINDING THREADS AND FORMS WITH A CRUSHER DRESSED WHEEL

SHOCK ABSORBER . . .



This part consists of two steel tubes bonded together with rubber. The outer tube is SAE-1015 steel, .093" thick with a $1\frac{1}{2}$ " threaded section on one end—threads $2\frac{1}{2}$ "—16N-3. These threads are plunge ground in a fraction of the time without the generation of the high heat inevitable with the single point wheel which caused tube and rubber to separate.

IMPELLER SPACER . . .



This spacer, 2.223" long is ANS-6294 steel, case hardened to 81-84 Rockwell A, and has a .010" of stock removed from each side and bottom of the grooves. Plunge grinding these grooves with a multiribbed wheel is accomplished in one-sixth the time it takes to grind them with a single point wheel.

GOVERNOR PISTON . . .



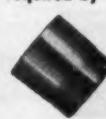
This piston, 1.591" long, is chrome-molybdenum steel 26-36 Rockwell C. Plunge grinding takes .005" from the outside of four shoulders leaving sharp corners. Production rate by plunge grinding is ten times as fast as it is by older methods.

PROPELLER STUD . . .



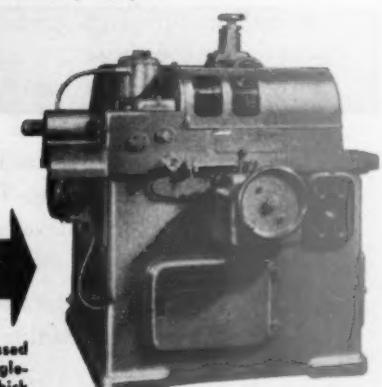
This stud is chrome-molybdenum steel 32-36 Rockwell C. The threaded section, $11/16$ " long ($1\frac{1}{8}$ "—20NF-3), is plunge ground in one-third the time required by conventional grinding.

SLEEVE . . .



Parts shown have been processed on the Sheffield Precision Thread and Form Grinder under normal conditions.

PROCESSED BY . . .



This machine, using a crusher dressed multi-ribbed wheel, plunge grinds single- or multi-start threads, eliminating thick first and last threads. It plunge grinds forms of almost any contour. It is also used to traverse grind single- or multi-start threads with a multi-ribbed wheel or it may be used with the conventional diamond dressed single point wheel.

Write for data on this process—Bulletin M-100-144.

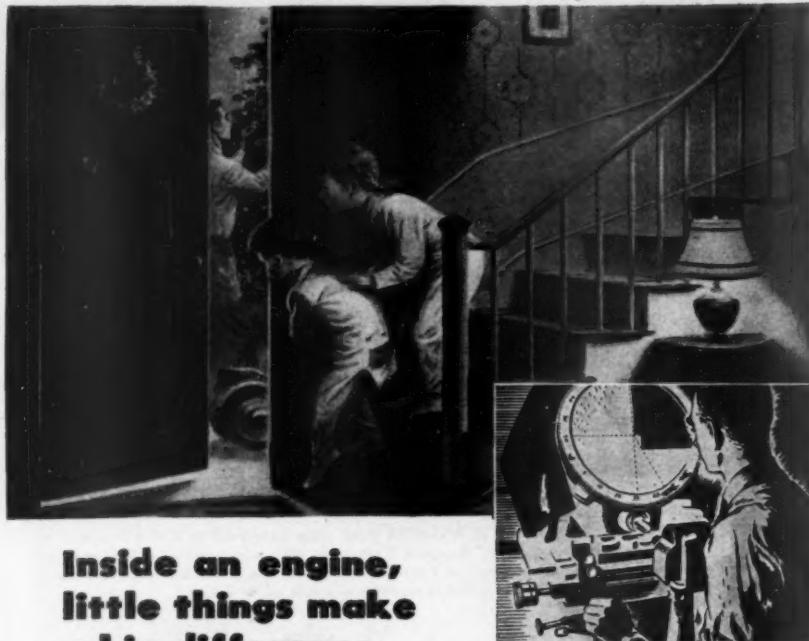
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precisioneered PISTON RINGS

* * AMERICA'S NO. 1 CHRISTMAS GIFT—A WAR BOND * *

system have proved profitable lately. Following reported deficits ranging from \$23,000 to \$875,000 in ten of the eleven years ended with 1941, the lines carried 280,000,000 revenue passengers in 1943, with net earnings after taxes and depreciation of \$1,463,000. In the first ten months of this year the company earned net income of \$1,968,000.

LUXURY HOMES IN TROUBLE

Having survived the ravages of the depression, owners of luxury homes are falling on evil days because of vastly increased personal income tax and the manpower shortage. Federal taxes cut gross income so low that some owners can't pay operating costs; others can't even get gardeners to keep the lawns cut and the gardens in order.

Thus, in Los Angeles, which boasts more than a hundred homes in the over-\$100,000 class—maybe a score of them costing up to half a million dollars—three owners of the so-called luxury homes have appealed to the local tax authorities for a reduction in their taxes.

One of those who appeared recently before the Los Angeles County Supervisors was Harold Lloyd. The film comedian succeeded in getting the \$58,730 land valuation on his 13-acre home in Beverly Hills cut to \$14,840 and the \$119,840 valuation on improvements to \$95,000.

When tax officials granted Lloyd a reduction, say real estate men, they acted on a principle long followed in Europe. The theory is that the luxury home with large acreage is a breathing space that may later become a park, and is a beauty spot worth keeping; therefore, tax these places more leniently.

EXCHANGE STREAMLINED

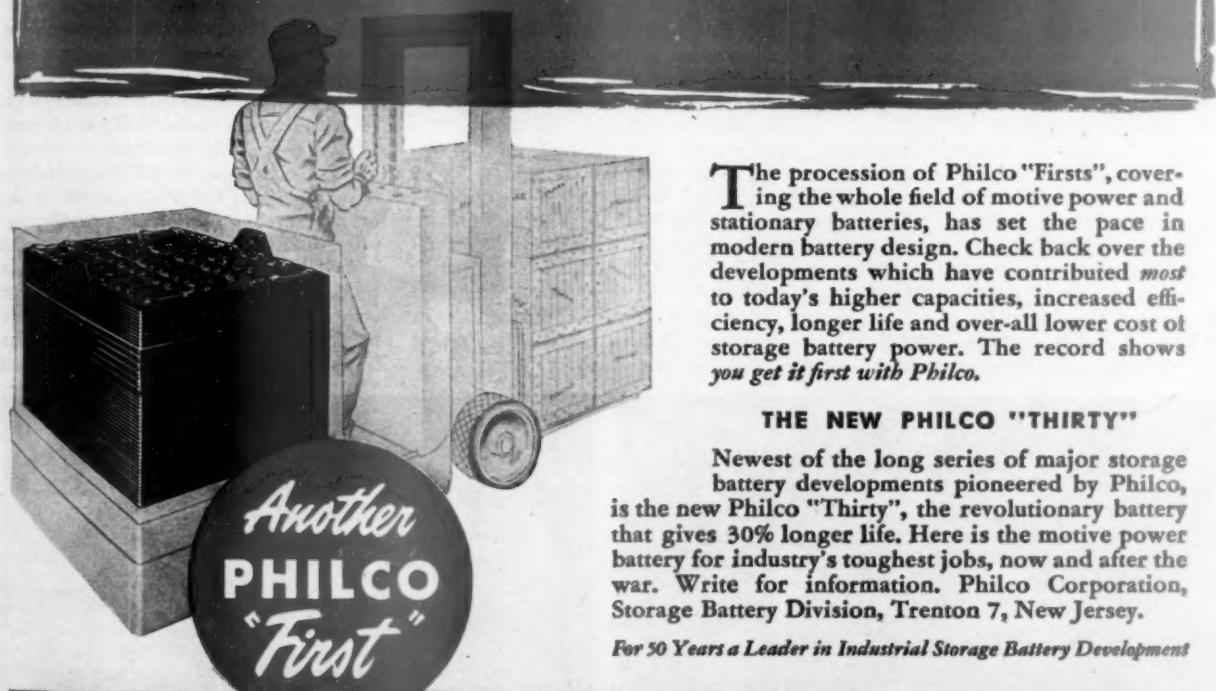
The San Francisco Stock Exchange will have a salaried president after Jan. 10. On that date the board of governors will meet, and probably name Ronald E. Kaehler, present executive vice-president, to the new post.

In deciding to install a paid president (at a salary yet to be announced), the San Francisco exchange follows the lead set a few years ago by New York and Chicago. Among the powers and duties of the new executive will be the discipline, if necessary, of any of the 64 members and the arbitration of disputes, jobs done in the past by a jury of peers.

The exchange's board of governors will be reduced to six members, with the present unsalaried president, Frank M. Dwyer, as chairman. Under the new setup, the vice-presidency is eliminated.

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LABOR

Bracket Battle

U.A.W. opens third front on NWLB's wage bracket system, seeking adjustment of pay rates on an industry-wide basis.

Labor's assault against national wage stabilization policies was opened this week on a third front as C.I.O.'s United Automobile Workers petitioned the National War Labor Board to modify or scrap its wage bracket system.

• **Triple Threat**—C.I.O.'s steelworkers were concentrating on breaking the Little Steel formula; C.I.O.'s textile workers were intent on raising the 50¢-an-hour figure which NWLB had set as a minimum wage to prevent substandards of living; and the auto union hammered at the bracket system in what may prove to be the most important attack of all on the wage freeze.

U.A.W. calls the system—which has the effect of establishing community-wide wage ceilings for specific occupations—the "bracket racket." NWLB is being asked to change it in the General Motors case now up for decision.

In many respects, the bracket system is the real wage freeze.

• **Basis for Adjustments**—NWLB has authority to make wage adjustments on

four broad grounds. These grounds are:

(1) The Little Steel formula which, while limiting general wage increases to 15% above levels of January, 1941, enables the board to bring all wages up to at least the January, 1941, figure plus 15%. It has been estimated that employees numbering on the order of 20,000,000 have been directly affected by the formula as a factor in either increasing or limiting pay rates.

(2) Elimination of substandards of living. This has led to the establishment of the 50¢-an-hour minimum wage now under attack. Something less than 1,000,000 wage earners, it is estimated, have been directly affected by this minimum standard, although the number affected indirectly—through maintaining pay differentials—has been huge.

(3) Pay increases necessary to aid in the effective prosecution of the war. This has been little used because of NWLB's fear that a liberal interpretation would undermine any attempt to hold a wage line. Except for the aircraft, radar, and other double-A urgent lines where labor had to be quickly attracted for military reasons, only a very small group of workers has been involved in this line of the board's authority.

(4) Elimination of gross inequities in wage rates. This has become the bracket system and sets rates for perhaps 10,-

000,000 workers in the most thoroughly unionized industries.

• **Could Circumvent Formula**—Alterations in the bracket system could affect the wage level of the whole economy and could, like the award of shift premiums in the steel industry (BW-Dec. 2/44, p16), push up payrolls without technically violating the Little Steel formula.

The bracket system as it is now administered limits increases designed to correct inequities to the minimum level of the established bracket. Under the present plan, these brackets are set in key communities throughout the nation for key occupations, include all so-called "sound and tested" going rates.

U.A.W. builds its fire around the claim that many of the rates established as "sound and tested" are actually low nonunion rates which automatically become the ceiling for new plants and new production, as well as for large numbers of individual adjustments within existing plants.

• **Thomas Flays System**—At the same time, the fact that the brackets are established on an individual community basis has prevented the industry-wide adjustment and reclassification of wage rates, the U.A.W. contends.

R. J. Thomas, U.A.W.'s president, told the board that continuation of the bracket system would eventually deprive high-wage Detroit of much of the automobile industry as production is transferred to centers where lower wage ceilings have been ordered by NWLB's bracket calculations. In one sense, the battle against the brackets is a renewal



WAR DANCERS

Lunchtime rug-cutting in a wind-swept Federal shipyard, and a backstage scene at RCA Victor's annual employees' show present a study in contrast in labor relations. Both, however, have one thing in common: The

seasoning of work with entertainment in vital war plants during an over-optimistic period when job shifts plague industry and government, threaten to slow war production. Sponsored by the labor-management committee at Federal's Port Newark (N. J.) yard, the hot—and cold—jive



session was part of a war bond rally. Drawing its cast of 100 from an army of hopefuls, the RCA revue—"Funzapoppin"—played to more than 12,000 persons during a four-night run. But more important than boxoffice figures was the camaraderie produced between labor and management.

of the fight to eliminate geographical wage differentials.

• **Would Match Detroit**—Although NWLB allowed the steelworkers a number of concessions which will pad their pay envelopes, on the ground that interplant inequities needed correction, it flatly refused to approve a demand for elimination of the north-south differential in the industry. U.A.W. is frankly seeking to raise its rates in other cities to the high Detroit level.

The automobile industry, Thomas insisted, tended toward nationwide rate standardization in peacetime—a tendency that has been accelerated by the U.A.W. By this time, he said, normal peacetime collective bargaining would have erased all wage differentials in the U.A.W.'s jurisdiction.

• **Bynes' Order**—The brackets which U.A.W. now finds too confining were set up by James F. Bynes, then Economic Stabilization Director, on May 12, 1943, in an interpretation which thawed somewhat the drastic total freeze of the President's April 8, 1943, hold-the-line order of which he was the author.

As originally explained by George W. Taylor, NWLB vice-chairman and the economist who worked out the program, the extremes of high and low rates were due to be discarded because they are not typical.

• **The Procedure**—Normally, an application to raise wages to the minimum of an established bracket is granted automatically. Applications to raise wages to the maximum of an established bracket can only be granted in "rare and unusual" cases, under established rules. Raises above the top of the bracket are rarely, if ever, granted.

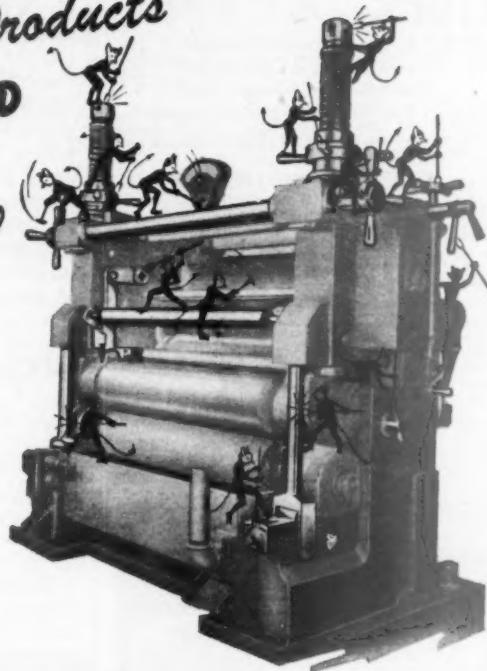
Among the U.A.W.'s complaints is the practice of setting brackets for each "labor market area." NWLB defines labor markets so closely, the U.A.W. has stated, that different rates have been established for virtually every community, no matter how small.

Occupations are so defined, the union alleged, to include in their scope small nonunion metal plants, together with the big unionized automotive plants, thereby depressing the average wage before setting the bracket minimum below the average.

• **More Leeway**—These technical considerations obviously could provide "elbow room" for indirect wage adjustments, the full effect of which could not be realized immediately. If the U.A.W. succeeds in getting a revision of the bracket system, its negotiators will have more leeway at the bargaining table.

Rewards in the present system which merely require adjustments in administration of the controls might be ordered

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by NWLB without recourse to any other agency. If the Byrnes interpretation of May, 1943, is to be changed, the NWLB would have to secure the approval of Economic Stabilization Director Fred M. Vinson.

• **May Go to President**—Changes proposed beyond the scope of the May 12 memorandum would have to be referred to President Roosevelt for action, probably at the same time that the board asks him to act on the general question of revising the Little Steel formula.

Trouble Ahead

Postwar labor disorders on major scale seen for Detroit when war-stilled grievances are revived at bargaining table.

Welcome as the war's end will be, Detroit automotive plant managers are fearful that it will be accompanied by an outbreak of labor troubles as severe as those which paralyzed the auto industry in 1937.

• **Prerequisite to Peace**—There is no dispute with this thesis in most labor quarters. Naturally each side feels that the other will precipitate the trouble, but both admit that there are basic problems coming up and that their settlement is a prerequisite to labor peace.

Although each side blames the other for them, there is a fair area of agreement among industry and labor people as to the incipient causes of labor troubles in the strike-fertile auto industry. Wage rates are one. The status of labor organization in the shops is another. The veterans may be a third.

• **Pattern Changed**—In one sense, the expected strike wave can be predicated on the fact that the war largely ended a normal pattern of bargaining.

Minor and major disputes alike since 1941 were not settled but sidetracked behind general determinations stemming from the Little Steel formula of wage control, the existence of labor's no-strike pledge, and the necessity for maintaining production.

• **Basis for Strikes**—Postwar elimination of wage formulas may pave the way for walkouts whose roots, direct or indirect, will lie in unsettled arguments rather than new ones. Some onlookers feel that this condition may cause large numbers of quickie strikes. But these analysts admit that the end results of such stoppages may prove as substantial as those of the premeditated, big-league strikes.

In a parallel sense, the slumbering long-range objectives of organized labor will be revived when the war ends. As

an example, the C.I.O. United Auto Workers, dominant labor organization in Detroit, campaigned from 1936 through 1941 for a union shop. When war came, that aim was compromised through the maintenance-of-membership principle.

While management strives in the postwar period to shake off m. of m. labor will counter with a demand for an even broader principle of membership stabilization—actually one of intransigence and enlargement.

• **Pay Fights Seen**—Similarly, the fight for higher wages will be resumed. It is a fixed principle within U.A.W. that worker purchasing power must be maintained (BW—Oct. 28'44, p 51), and this problem will be a major one when work-weeks return to a 40-hour basis and pay checks thin out accordingly. First-class disputes over pay rates can be expected unless postwar living costs skid rapidly.

The problems of integrating returning veterans in industry may kindle unrest resulting in strikes. Some labor people feel strongly that management will try to reduce unions in Detroit to impotence when the war ends.

• **How About Veterans?**—Union and employers are already at loggerheads over job preference proposals for servicemen (BW—Nov. 25'44, p 106). Labor suspects that companies will try to infiltrate their plants with ex-service men, in belief that they will be anti-unionist. Unions maintain that the soldiers will be on their side, but they are obviously worried.

• **Management Hardened**—Labor also points to evidences of recent hardening of company attitudes. It is no secret in Detroit that management people have shed some of the diplomacy and defensive attitude which characterized them in the 1937-41 era.

Recent Ford statements have bluntly accused the U.A.W. of internal political wrangling which precipitated strikes. A General Motors spokesman flatly termed the union's statements "an outright lie" before the National War Labor Board in Washington. Such unvarnished remarks are interpreted by labor as the outward trappings of an aggressive antiunion attitude which has grown during the war and which is self-confident enough to risk an all-out test of strength in the postwar period.

• **Profits vs. Appetites**—Whether any such tests will progress to an all-out basis is the main question. For it may be that in any final determination labor may have an innate advantage whose exploitation will stave off last-ditch struggling.

Settlement of any lengthy strike ultimately is based on which of two considerations is stronger—company willingness to sacrifice production and profits,

or worker willingness to tighten belts. Workers will go into the postwar period with savings which in most individual cases will probably enable them to weather the economic stress of a strike far better than in 1937, when sit-downs tied up General Motors and Chrysler about two months apiece.

• **Competition a Factor**—On the other hand, any war development which permits resumed output of automobile production will find an intensely competitive condition prevailing among the auto makers as they strive to reestablish their distribution patterns. Conceivably the auto companies would find this need for reestablishment outweighing the consideration of fighting union demands.

That is the belief of some who do not expect large-scale disputes to arise. It may be so. But it is outweighed in Detroit today by the belief that the basic postwar differences between labor and management will be so wide that neither side will be able—or willing—to reach far enough from its position to bridge the gap, and that labor disturbances of the first magnitude are therefore inevitable.

Partial Triumph

Independent unions win a place in NWLB just short of full membership. Spokesmen will sit on important committees.

Representation just short of full membership on the National War Labor Board has been granted to independent unions in answer to a demand which has plagued the NWLB for many months' (BW-Mar.18'44,p19).

• **Quid Pro Quo?**—In appointing six representatives of four independent organizations to important standing committees, NWLB went part of the way in resolving the complex independent union representation problem, and let it be known that it was seeking better cooperation from the independents in averting or stopping strikes.

As early as May 17, 1944, NWLB sought to satisfy the independents' representation demand. At that time par-

tial recognition was given independents when they were allowed to have representatives on national and regional war labor board panels considering cases involving independent unions (BW-May 27'44,p103).

• **The Big Barrier**—Difficulty of selecting representatives acceptable to all independents, and of fitting them into the NWLB structure, was the board's reason for delaying the extension of representation. Actually, A.F.L. and C.I.O. opposition was the important barrier. It still remains a major drawback to full representation.

The new policy, however, will give the independents a daily voice in NWLB activities, and the board hopes that it will—at least for the present—satisfy independent unions.

• **Appointees Named**—Independents named to the NWLB committees are:

J. J. Moran, New York, president of the Federation of Long Line Telephone Workers, and William Dunn, president of the Cincinnati Federation of Telephone Workers, both affiliates of the National Federation of Telephone Workers recently involved in an explosive strike threat (BW-Nov.25'44, p112).

Don Mahon, vice-president, and James DeBella, secretary-treasurer, of the Confederated Unions of America, both from Washington.

George DuVal, Newark, N. J., president of the Western Electric Employees Assn.

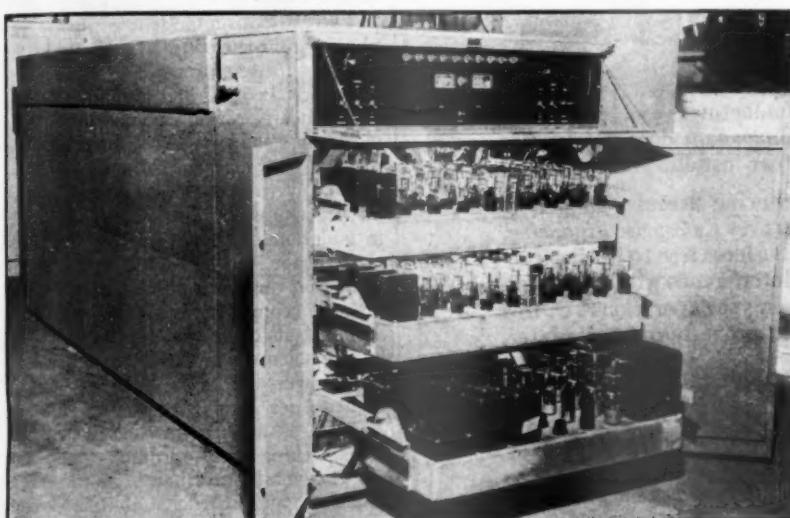
James R. Gormley, Baltimore, representative of the Pacific Coast Marine Firemen, Oilers, Watertenders & Wipers Assn.

NORTHROP VOTE ASKED

Having won their fight to unionize gigantic Douglas Aircraft Co. at Santa Monica, Calif., bastion of the open shop in southern California (BW-Oct. 21'44,p104), union organizers have trained their heavy artillery on Northrop Aircraft, Inc., at nearby Hawthorne, where the famed Black Widow (P-61) night fighters are built.

Northrop thus far has successfully avoided labor troubles but now its 10,000 workers come and go under the exhortations of the union sound trucks daily parked outside the plant gates.

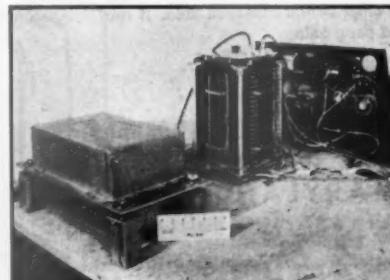
Last week, with petitions from rival unions for a bargaining election at Northrop before the National Labor Relations Board, a showdown seemed at hand. Northrop officials are confident that, if an election is ordered, the majority of employees will refuse to join either the C.I.O. United Auto Workers, most active organizers, or the A.F.L. International Assn. of Machinists which won at Douglas.



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Meat in Focus

Seizure of Cudahy Bros. plant brings packing industry into foreground. Other packers must disclose wage data.

Government seizure of the Cudahy Bros. Co. plant at Cudahy, Wis., after a dispute (BW-Nov. 4 '44, p104) between the company and United Packinghouse Workers of America (C.I.O.), climaxed a series of events which brought the critical meat-packing industry this week into the foreground of labor disputes.

• **Interruption Threatens**—The seizure was ordered by President Roosevelt after the National War Labor Board certified the dispute to the White House because of a threat of interrupted operation of the plant, which processes large quantities of fresh and canned meat for both military and civilian consumption.

The Wisconsin Cudahy company employs 1,400 persons. Only issues in dispute are maintenance of membership and checkoff of union dues. The NWLB certification said that other provisions of a January, 1944, directive were obeyed, but that the company refused to comply with the m-of-m. and checkoff provisions, holding that these were in violation of the Wisconsin Employment Peace Act. A month ago NWLB ruled that there was no such conflict and ordered compliance. Again, NWLB reported, its order was disobeyed.

The seizure was the 23rd under wartime powers of the President.

• **Inequities Are Under Fire**—Earlier, NWLB, in an interim directive to five meat-packing firms, ordered that complete wage rate information be furnished to unions, and instructed companies and unions to appraise existing schedules and endeavor to reach an agreement on changes in wage rates necessary to eliminate intraplant inequities.

Correction of these is one of 30 demands by packing-house workers. Last week the NWLB studied recommendations by a panel which investigated the case. Some increases appear certain in view of the virtual order to eliminate inequities.

• **Three Unions**—The directive was addressed to the big four companies and one independent—Swift & Co., Wilson & Co., Armour & Co., Cudahy Packing Co., and John Morrell & Co.—with 140,000 workers and 84 plants. Unions involved are the C.I.O. Packinghouse Workers, the Amalgamated Meat Cutters & Butcher Workmen of North America (A.F.L.), and the Sausage

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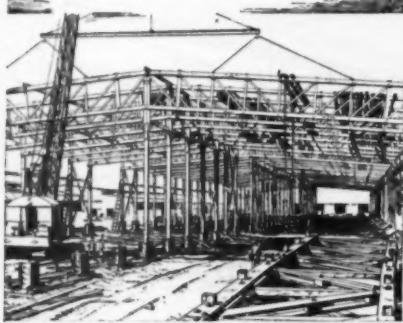
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Makers Union of the Western Federation of Butchers (A.F.L.).

• **What They Demand**—A.F.L. unions are demanding an increase of 54¢ an hour to eliminate intraplant inequities. The C.I.O. does not ask for any specific increase but for evaluation of all jobs and establishment of classifications and rates to eliminate inequities.

Main demands, on which action by NWLB is being awaited, include a general 10¢-an-hour wage increase and dressing time pay (BW—Sep. 16'44, p102) sought under the portal-to-portal pay principle established for iron and coal mining industries.

Women Eye Jobs

While willing to abide by seniority rules, women workers are determined to hold their place in industry after the war.

Women workers in war plants served notice last week in Detroit and Washington that they have their eye on post-war industrial jobs, and that they want a voice in planning for them.

• **Will Abide by Seniority**—However, they made it clear at a Detroit meeting of the National Women's Committee of the United Auto Workers (C.I.O.) that they want no special treatment which would overturn established principles of union seniority (BW—Nov. 4'44, p108).

The 150 delegates, claiming to represent 300,000 women plant workers holding U.A.W. memberships, climaxed debate on proportional seniority (by which the present ratio of men and women workers in plants would be maintained during layoffs) by reaffirming their willingness to abide by layoffs, transfers, or reassessments under the standard seniority rules of the U.A.W.

• **Toward Same Goal**—A few days before, representatives of 31 women's and labor organizations conferred in Washington with Miss Frieda Miller, director of the Women's Bureau, and other Dept. of Labor officials, and drafted a program aimed at the same goal as the U.A.W. meeting—assurance for women that a reasonable opportunity will be given them to continue working when the war emergency ends.

Both the Washington conference and U.A.W. attacked the problem by issuing recommendations for national and state legislation.

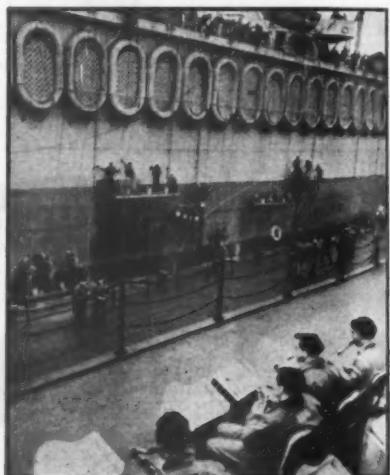
• **Are Against Discrimination**—These touched on many of the general objectives of labor organizations—improved working and wage standards, re-employ-

ment and retraining, dismissal pay, and public works planning—but most of all they were concerned with establishment of policies and procedures for layoffs to prevent discrimination against women.

The interest of the women's groups was intensified by new figures. In the truck and agricultural implements industry, where women make up 13.1% of the total employed, 51.6% of the personnel discharged in the first cutbacks were women. Among ordnance workers, women comprise 25.6% of the total employed; they were 61% of the total in initial layoffs. Among aircraft workers, the figures were 42.2% and 60.2%, respectively.

• **Blame Assessed**—The union policy of last hired, first fired, was responsible for a large part of this. But the women believe that seniority alone was not responsible. In shops without union contracts, they assert, cutbacks were running largely to women, regardless of seniority and efficiency, while in union shops, they accused many managements of playing upon women's dislike for heavy and dirty jobs to force them out by transfers and reassessments to such jobs.

• **Peak in July**—In December, 1941, some 12,090,000 women were employed, forming 22% of the labor force. By March, 1944, the number had risen to 16,480,000, or 31.5%. Of this 4,390,000 increase, Dept. of Labor sta-



HELPING HORNS

While the ship's band tootles swing and martial airs, seamen slap a rhythmic coat of paint on a Coast Guard troop transport at a European port. Just as industrial music is providing a lift for the manual jobs in war plants (BW—Apr. 3'43, p64), such service concerts speed the sailors' monotonous tasks of housekeeping.

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tistics show that 2,670,000 women were added in the manufacturing field.

By July, 1944, female employment reached a peak of 19,110,000; it dropped to 18,480,000 in October.

• **Eye to the Future**—The Washington and Detroit conferences showed comparative agreement on the immediate postwar number of women in industry. The former set the total at approximately 15,000,000—almost 3,000,000 more than the December, 1941, figure.

UNION ELECTION QUESTION

Although they have voted for officers for the first time in three years, members of Los Angeles Local 9 of the C.I.O. Industrial Union of Marines & Shipbuilding Workers still are wondering whom they elected.

C. R. Brown, appointed director by the international union (BW—Oct. 21 '44, p100), was elected president over three rival candidates, but has impounded the ballots pending investigation of reports of ballot stuffing. Although the union has cried loudly for autonomy, only 2,880 of the 22,000 members took the trouble to vote during the four days set for the election.

Brown also is fighting a suit in which a member, Roy T. Trent, seeks to block use of union funds for political purposes. Trent sued shortly before the Nov. 7 national election, charging that \$30,000 of union cash was poured into the campaign funds of Democratic candidates indorsed by the C.I.O. Political Action Committee. A Los Angeles judge granted a temporary injunction on Nov. 4, after the money was spent. A hearing is scheduled for Dec. 22.

STUDIO STRIKE VOTE SOUGHT

Threats of a new tie-up alarmed the movie industry last week as two A.F.L. affiliated union groups wrestled for control of Hollywood studio artisans.

Early in October, 750 set designers, painters, and machinists belonging to two of the ten locals comprising the Conference of Studio Unions walked out to block jurisdictional encroachment by the A.F.L. International Alliance of Theatrical Stage Employees (BW—Oct. 14 '44, p106). They returned a week later when the dispute was certified to the National War Labor Board for settlement (BW—Oct. 21 '44, p102).

Now they are aroused again because NWLB, diagnosing the trouble as a jurisdictional fight, has asked the A.F.L. in effect, whether the artisans should be represented by the C.S.U., their present affiliation, or the I.A.T.S.E., which wants them. C.S.U. has petitioned the National Labor Relations Board to hold a strike vote within 30 days.

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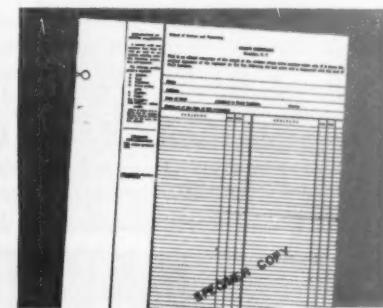
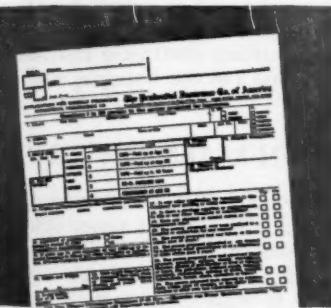
More often, of course, you will be reproducing your own records, financial

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At the Prudential Insurance Company, Newark, New Jersey, applications for industrial insurance are reproduced with Ozalid. The originals are kept on file and Ozalid prints are attached to the policies. Prudential changed their form, adopting a translucent sheet with writing on only one side, so that they could utilize OZALID.

At Alpha Music, New York City, music arrangements, drawn in ink, are reproduced with Ozalid. Performers on such radio programs as Coca-Cola's "Pause That Refreshes," Evening in Paris's "Here's to Romance," or any of the CBS shows from New York, are reading from easy-to-follow Ozalid Prints. Ozalid Dry Photos are also made.

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World Parley Set

Conferees agree on Feb. 6 for opening of international labor discussions in London. Railroad unions are to be represented.

Agreement on plans for a world labor conference in London opening Feb. 6, 1945, has been reached by representatives of trade unions in Russia and England and the Congress of Industrial Organizations in the United States. Arrangements are being made for attendance of 150 delegates from 40 trade union organizations in 30 countries.

• **Rail Unions Accept**—While the C.I.O. was the only U. S. labor organization represented at the preliminary conference (BW-Dec. 9 '44, p104), four American railroad unions—including two

of the Big Four—have accepted invitations, and a fifth, the Brotherhood of Railway Trainmen, probably will go.

The American Federation of Labor has rejected an invitation, but left an opening for a change of policy. The United Mine Workers also has turned down a bid. The preliminary conference in London expressed hope that these two, representing more than half of U. S. organized labor, would reconsider.

• **Exiles Invited**—Spain and Argentina were excluded when invitations were extended for the February conference, because of doubt over the freedom of their unions from fascist influence. However, representatives of the exiled Spanish trade union organizations in London and Mexico were invited, and have accepted.

Delegates also will attend from neutral Switzerland, Sweden, and Eire.

• **War and Peace**—A two-part agenda has been set. The first part, for dele-

gates from unions in United Nations countries, will include discussions on furtherance of the Allied war effort and the attitude of trade unions toward the peace settlement. Delegates from neutral countries may sit in on these discussions as observers.

The second part, open to all delegates, will include discussions on the basis for a world trade union federation, immediate trade union demands for the postwar period, and the problems of postwar reconstruction.

C.E.D.'S PERSONNEL STUDY

The Committee for Economic Development is distributing through its 2,100 community organizations a study entitled Personnel Problems of the Postwar Transition Period. Brief (54 pages) but succinct, this latest C.E.D. publication was prepared by Prof. Charles A. Meyers of Massachusetts Institute of Technology. Business executives concerned with postwar re-employment and labor relations will find it a valuable guide.

In estimating the magnitude of the postwar personnel problem, Meyers concluded that 22,000,000 men and women, almost half the 1940 peacetime work force, will be directly involved in a gigantic reshuffling of the nation's manpower.

Meyers suggests that on four fronts industry can ill afford to delay determination of policy. These, to which he addresses himself in detail, are: (1) re-hiring of servicemen; (2) personnel transfers within plants; (3) unavoidable layoffs; and (4) the hiring of new employees.

SEAMEN FACE BAN

Shipyards operated under the U. S. Maritime Commission henceforth will refuse jobs to all able-bodied seamen who attempt to change to shore work. Orders to that effect were issued as the commission announced that while it was getting the ships to keep supplies moving to the fighting fronts, the recruitment of experienced officers and men is not holding the pace necessary to man new vessels and replace 5,000 seamen a month who, apparently feeling that the end of the war is near, are leaving the fleet.

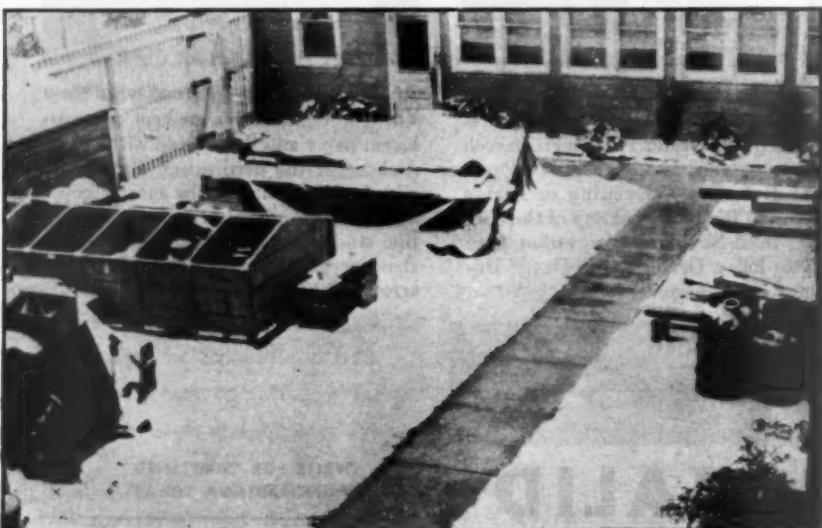
Hoping to dispel some of the fears of these seamen about their postwar security, the commission also announced that it expects no reduction in the merchant marine to be necessary for three years or more.

Now reaching a critical stage, the problem of manning vessels built in the nation's shipyards has been a major one since before Pearl Harbor. Up to Au-



RADIANT SNOW "SHOVELER"

Radiant heating systems are moving out of doors to keep sidewalks and roadways free of snow. Typical installations are at Sarco Mfg. Corp., Bethlehem, Pa., where hot-water coils embedded in walks maintain dry surfaces (below), and at Buffalo's Hewitt Rubber Co. which protects driveways (left) with noncorrosive wrought-iron steam pipes in the concrete. Promoting such applications also for postwar filling stations, airport runways, and railroad platforms is Pittsburgh's A. M. Byers Co. which meanwhile is campaigning to sell more of its pipe products for indoor radiant heating layouts (BW-Jul. 8 '44, p90).



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gust, the merchant marine had increased its personnel from a prewar 60,000 to approximately 165,000 trained men, despite losses which stamped the merchant marine as proportionately more hazardous than any of the armed services. Up to Sept. 15, the merchant marine had listed 5,803 dead, missing, or prisoners of war.

V-E DAY LAYOFFS LISTED

Ohio employers anticipate postwar layoffs totaling only 40% of the state's war-created increase in workers, according to a survey of concerns employing half of the 2,000,000 men and women covered by Ohio's unemployment compensation fund.

The Ohio Bureau of Unemployment Compensation made the survey as a guide for its postwar planning, and polled 640 concerns whose combined working forces constitute approximately 70% of all persons engaged in manufacturing and mining in the state.

It found that these employers foresee layoffs aggregating 189,539 persons after V-E Day. Of these, 55,933 were described as temporary only. A number of employers reported they planned expansion to give jobs to 28,540 additional persons after V-E Day.

Based on the percentage of cutbacks planned in the concerns polled, Ohio manufacturing and mining employers as a whole will be expected to lay off approximately 270,770 employees—or 40% of the increase in employment which took place between March, 1940, and the peak reached in Ohio last fall, the bureau report said.

BOSSSES' PAY BID REJECTED

Regional offices of the National War Labor Board, accustomed to handling the wage demands of workers, rarely are asked to go to bat for employers.

But the Seattle office was called upon recently to adjudicate the demands of a group of employers for a greater share of the proceeds of their business. The employers were owners of souperin shark fishing boats, employing about 2,000 fishermen in the Puget Sound area.

Historic basis of compensation in the industry is that the vessel owner receives 33 1/3% of the income from the catch and supplies the nets, pays for maintenance, insurance, and part of the cost of fuel oil and ice. Crew members get the remaining 66 2/3% and pay for all food and the balance of the oil and ice bill.

The board turned a deaf ear to the complaint of the vessel owners that they are losing as much as \$3,600 a quarter, and rejected their demand that the owner's share be increased to 40%.

This Book may CHANGE YOUR THINKING

**Revolutionary Design Suggestions
in this Book will change many
Post-War Products . . .**

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Flexible shafting is not a new idea—it has been proved in operation for the better part of a century. But the war, with its technical insistence on maximum efficiency, simplicity and directness, has brought about broader applications of this time-tested mechanical principle. To many industrialists, the use of flexible shafting has been a tremendous step forward in streamlining design. They have learned that through its use they can—1. Transmit power at an angle and through congested areas; 2. Eliminate spur gears and miter gears; 3. Get around obstacles; 4. Connect parts with relative movement; 5. Eliminate universal joints. They have learned, too, that these things can be accomplished with *fewer parts, less weight and great economy of manufacture*.

Additional uses of STOW Flexible Shafting in consumer products, as well as industrial equipment, loom for the post-war world. These applications will make manufacturing easier and cheaper and sales better. Less after-purchase service usually results from the use of Flexible Shafting in product design.

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MARKETING

Yule Sales Peak

Department store volume breaks record as expected lull fails to show up. Luxury items are in great demand.

The unusually early start of the Christmas buying season to meet the Oct. 16 deadline for mailing servicemen's gifts overseas (BW-Nov. '44, p90) appears only to have whetted the appetite of holiday shoppers who are continuing to buy in record quantities.

• **Shelves Are Stripped**—The trade had expected that advance buying for the G.I. Christmas would mean an easing off in volume during the peak month of December, but this week the Christmas spending spree was sending department store sales far above records set in peak weeks of earlier years.

All-out buying was fast stripping merchants' stocks down to bare shelves, had jammed postoffice operations, and forced the Railway Express Agency to restrict shipments by eliminating door-to-door pickups in New York City and by appealing to the public to ship only the absolutely essential.

• **Atlanta Leads**—This season's exceptionally high volume of sales is illustrated by the Federal Reserve Board index of department store sales (chart, page 98) which climbed from 196 in September to 209 in October, 245 in November, and to 304 for the week ended Dec. 2. This compares with 214 for November, 1943, and 269 for the corresponding week of December last year.

Federal Reserve reports from Atlanta indicated that sales there were leading the country with a jump of 25% over a year ago for the week ended Dec. 2. Richmond was in the cellar with sales only 3% ahead of last year's.

The Christmas buying lull looked for by the trade just hasn't come off. Instead the snowball has kept rolling throughout the extra long holiday shopping season, despite merchandise shortages, ersatz and inferior goods, and inflationary prices.

• **Lull Is Expected**—Merchandise shortages may depress sales next week, which would reasonably be expected to reach peak volume.

Inventories normally reduced by Christmas buying are expected to suffer drastically, with replenishment effected slowly, and in many instances not at all. However, the rush has been wel-

comed by merchants as an opportunity to dispose of substandard and war substitute merchandise whose sales value has been threatened by partial resumption of civilian goods production. The military may have stepped hard on reconversion plans (BW-Dec. '44, p15), but the belief that war production pressure will soon ease still persists in consumer minds.

• **Bond Sales Lag**—In sharp contrast to the rapid movement of luxury Christmas items, Treasury E bond sales to individuals in the Sixth War Loan drive are lagging far behind the over-all totals of the drive. Although the nation at the start of the week passed its \$14,000,000,000 goal, total national sales of E bonds to individuals approximated only 64% of the quota.

A survey showed that in New York City (where for the first time and without any promotional campaign R. H. Macy & Co., world's largest department store, did a retail business of \$1,000,000 in a single day) individuals' subscriptions to war bonds were only 55% of the goal; in Washington, retailers reported business 10% to 15% above 1943, while bond sales to individuals were only 52% of their quota; dollar volume in Detroit was 15% to 20% ahead of 1943, but total war bond sales were only 56% of the quota.

• **\$2,000,000 in One Day**—In New York City, Lord & Taylor, departing from the usual department store promotion

campaign to boost store sales, sold over \$2,000,000 of war bonds on the anniversary of Pearl Harbor by transforming its entire street floor into a huge bond selling area. It was estimated that the store lost about \$100,000 in main floor business, but its executives counted on more than making this up in goodwill gained.

More than 50,000 bond buyers, first attracted by the offer of a \$5,000 bond to the holder of a lucky serial number, lined up five and six deep. Other merchants were quick to follow the Lord & Taylor lead. For example, Saks Fifth Avenue now offers three \$100 gift certificates each day to E bond buyers.

• **Buying Luxuries**—But generally war prosperous Christmas shoppers are spending earnings for luxury goods—lingerie, furs, expensive jewelry. The supply of grand and spinet pianos was not nearly large enough to meet the demand. Except for the Rocky Mountain area, all sections of the country reported sufficient toy stocks, although customers were complaining about the wooden and pasteboard items substituted for the metal toys of prewar years.

An estimate by one large mercantile organization showed cameras 30% less than demand; luggage, 33%; umbrellas, 59%; women's suits and coats, 20%; furs, 14%; domestic rugs, 28%; blankets, 14%; lamps, 10%; china and glassware, 23%.

In answer to its shortage problems the book industry, through the American Booksellers Assn., has made available gift certificates or "book tokens."

• **New Year's Sell-Out**—Merchants weren't the only ones looking for a rec-



Cleared of merchandise, the main floor of the Lord & Taylor department store groans under a jam of Pearl Harbor Day shoppers who can buy only war bonds.

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TROUBLE SHOOTERS



BORROWING the phrase from American Industry, our armed forces are skilled trouble shooters. (1) Because of their expert training. (2) Because American Industry has provided them with untold quantities of fighting equipment.

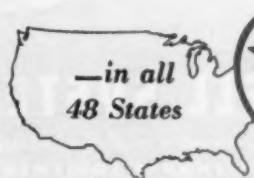
On thousands of production lines, in war plants all over America, this enemy-destroying output has depended upon one unfailing expediter. It is oil.

Fine lubricants, cutting oils and coolants for high speed production, with precision and economy.

For quick, convenient supply of these quality lubricants, Texaco provides *more than 2300 wholesale supply points* throughout the U. S.

In addition, Texaco makes available to American Industry its own corps of trouble shooters, skilled engineers, to assist in maintaining increased output.

THE TEXAS COMPANY



Never a Dull Moment

ON BRUSH PERFORMANCE WITH THIS DRY SCRUBBER



A Flip of the
Switch Re-sharpens
the Brushes!

With the *Finnell* 84-XR, there's no needless waste of man-hours as when changing brushes by hand in order to re-sharpen them. A flip of the switch of the 84-XR reverses the motion of the brushes and re-sharpens them automatically! This *Finnell* cleans grease-caked floors in *one-tenth* the man-hour time required when hand-spudding, and is far more thorough. Floating brush rings enable the two powerful scarifying brushes to get into indentations and grooves that rigid coupling brushes pass over and miss. The low construction of the machine makes it easy to clean around and beneath equipment.

Clean floors aid safety underfoot...bolster worker morale...reduce fire hazards...speed trucking. It pays to keep floors clean, especially with an 84-XR *Finnell*! Adaptable to wet-scrubbing, steel-wooling, waxing, and polishing.

For free floor survey, consultation, or literature, phone or write nearest *Finnell* branch or *Finnell System, Inc.*, 3812 East Street, Elkhart, Indiana. Canadian Office: Ottawa, Ontario.

*Speed Victory
Buy Bonds*

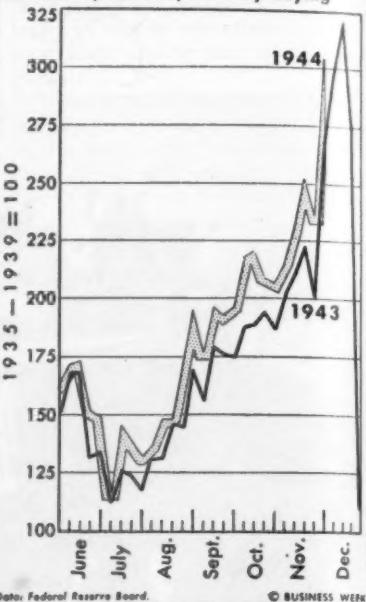
FINNELL SYSTEM, INC.

Pioneers and Specialists in
FLOOR-MAINTENANCE EQUIPMENT AND SUPPLIES

BRANCHES
IN ALL
PRINCIPAL
CITIES

RUSH KEEPS UP

Department store sales continue at record pace despite early buying



Data: Federal Reserve Board.

© BUSINESS WEEK

Peak Christmas sales this year should be expected in the week ending Dec. 23, one week later than last year, because Christmas falls on Monday, instead of Saturday as in 1943. The rise in volume in the week of Dec. 2 to within 6% of last year's peak is spectacular in view of the longer sales season, but it is also suggestive of a relative slowdown this week and next because, for one thing, of probable merchandise shortages.

ord holiday business. Reports from several key cities disclosed that many hosteries and night clubs are no longer accepting New Year's eve reservations, and that under the stimulus of what is expected to be the "V" year new records may be set for the entertainment business. The fact that New Year's eve falls on Sunday isn't expected to deter the celebrants.

SCHOOLS AID STORES

The San Francisco school board came to the rescue of department store and postoffice officials this week by starting the Christmas vacation a week earlier than usual to allow pupils to help out in the holiday rush.

Schools closed until Dec. 26. Only one day will be allowed by the schools for the New Year holiday.

School officials pointed to the de-

A LIFT TO THE TAXPAYERS, TOO



IN THIS WAR the railroads have done twice as big a transportation job as in the first World War.

But they are doing another job which may not be so well known, as is shown by these contrasting facts:

In the last war, the operation of the railroads took money out of the United States Treasury.

In this one, the railroads are putting money into the Treasury.

In the last war, when the Government took over the railroads, even though freight rates and passenger fares were raised, Congress had to appropriate more than \$1,600,000,000 to meet deficits.

In this war, the railroads have been managed by their owners. A far bigger and better transportation job has been done. And, since Pearl Harbor, the railroads have turned into the

United States Treasury the tremendous sum of \$3,250,000,000 in taxes—and today are paying federal taxes at the rate of nearly \$4,250,000 every 24 hours.

And, on top of all this, the railroads in the same months since Pearl Harbor have paid for the support of state, county and city governments another \$750,000,000 and are today paying state and local taxes at the rate of \$800,000 per day.

That's five million dollars a day paid in taxes—ten times as much as the owners receive in dividends.



AMERICAN RAILROADS

ALL UNITED FOR VICTORY

*Born in Waukesha ---
Raised all over the world!*



HEIN-WERNER HYDRAULIC JACKS *have many industrial applications*

If your company is engaged in manufacturing, it will pay them to consider the many time-saving and labor-saving uses of Hein-Werner Hydraulic Jacks.

These jacks are compact, super-powerful, easy-operating, and absolutely dependable... They are great for lifting heavy loads, moving machinery, pressing bushings, gears, pinions, etc.

Made in models of 3, 5, 8, 12, 20, 30 and 50 tons capacity... For details consult nearest industrial supply distributor, or write us.

HEIN-WERNER MOTOR PARTS CORP.
Waukesha, Wisconsin

mand of department stores for 3,500 boys and girls to work and the need of 1,000 by the postoffice. Mrs. May Carmody, head of the junior division of the U. S. Employment Service, said she expected to place nearly 10,000 children in Christmas jobs.

So urgent is the need for holiday workers in San Francisco that the post-office has reduced the minimum age of workers from 16 years to 15 years. Approximately 600 pupils with high grades were released from high schools last week to help with the mail.

P. S.

Licorice-flavored chewing gum cough drops will soon appear on retail counters in the eastern United States. Gum Products, Inc., this week announced that its subsidiary, Coughlin Bros., Boston, is ready to market Cough-lins, a 10¢ package of 15 pieces, following a test campaign in New England. . . . Although still in its infancy, television has already attained sufficient stature to support a national trade association (BW-Jan. 29 '44, p108) and hold its first annual conference. But in New York City this week more curiosity seekers than manufacturers and broadcasters turned up to hear a realistic approach to television's commercial future: Don't expect miracles tomorrow in television.

Movies' Eclipse

Supreme Court's order against southern theater chain apparently foredooms big film in forthcoming antitrust case.

Hopes of the big five motion picture producers that the Justice Dept. will be willing to enter into another consent decree which stops short of an eventual divorce of producer-owned theaters from the production and distribution end of the business (BW-Jan. 5 '44) went glimmering this week in the wake of a U. S. Supreme Court decision.

• **Writing on the Wall**—The court's decision did not directly involve the five—Paramount Pictures, Inc.; Loew's Inc. (Metro-Goldwyn-Mayer); RKO Radio Pictures, Inc.; Warner Bros. Inc.; and Twentieth Century-Fox Film Corp.—but in it they could clearly read writing on the wall.

In a government antitrust suit against Crescent Amusement Co. and its affiliates—operators of a string of theaters in five southern states—the Supreme Court not only upheld a lower court's verdict against the defendants, but strengthened its decision in one notable respect.

• **Dissolution Ordered**—Issue at stake was whether Crescent had used its combined buying power to gain exclusive and discriminatory privileges from big producer-distributors, with the result of destroying or absorbing independent competitive movie houses. The lower court ordered Crescent to break up its combination, and discontinue its "film licensing" system through which Justice charged, it had frozen out competitors in towns where the combination did not have a complete monopoly of theaters.

The Supreme Court added the further provision—on the plea of the Justice Dept.—that the various members of the Crescent group can henceforth acquire additional theaters only after an affirmative showing that such acquisition will not unreasonably restrain competition.

• **Exhibitors Cheer**—Independent exhibitors were jubilant at the outcome of the Crescent case, for with the Supreme Court so clearly on the record in a decision involving the rights of independent theater owners they regard the decision as a mandate to divorce the big motion picture producers from theater ownership.

So apparently do the antitrust attorneys, and hence it seems too late for the big five to negotiate further.



The QUICKEST way to locate personnel is with BELL VOICE-PAGING EQUIPMENT

BELL Voice-Paging Equipment locates individuals in the quickest time possible . . . cuts "hold-the-phone" delays to the minimum . . . provides for plant-wide broadcasting of announcements, instructions, time signals and alarms—and also permits plant-wide broadcasting of recorded music! Its widely adjustable, precision-built, standard units—specially designed for industrial use—can be grouped to fit any need. Also designed for quick, easy expansion or rearrangement. Get details on this new BELL Industrial Sound Equipment.



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"ME?"

Why not?

You'll stay at your war job, of course, until after Victory. But what then?

What do you want to be . . . stenographer, secretary, saleswoman, buyer, professional woman, writer, executive? Ever think how typing ability can open the door to almost any career? And once the door is open, it's up to you!

Why not learn to type . . . now . . . and be ready when opportunity beckons. It doesn't take long. Perhaps soon you can buy a Smith-Corona; if not, you can borrow or rent one for spare-time practice. We can think of few better ways to build for a post-war career! LC Smith & Corona Typewriters Inc Syracuse 1 New York

Groton  Plant

SMITH-CORONA
Typewriters

You'll get ahead tomorrow
if you
LEARN TO TYPE TODAY!

MORE L C SMITHS FOR CIVILIANS!

Note to Industry: W. P. B. has increased our fourth quarter allotment of new typewriters for necessary civilian use. If you can qualify under "W. P. B.-1319," we may be able to supply you; in any event, talk with our local branch office or L C Smith dealer.



OUT OUR WAY



SPEEDI-DRI is the modern, economical, efficient answer to oil-soaked, slippery floors. White, granular, and oil-thirsty, it is spread by hand and swept up with a stiff brush without shutting down a single machine. Its use eliminates expensive mechanical cleaning equipment, caustics, and dangerous solvents, and greatly reduces the man-hours needed for clean-ups. At the same time, it does a better job.

As soon as it's applied, it provides a non-skid surface. Workmen can move at top speed without fear of slipping. It absorbs oil and grease like a blotter takes ink, even pulling up old deposits in time. **SPEEDI-DRI** is non-combustible and fire retardant. Leading insurance companies recommend its use. There are 101 money-saving applications of **SPEEDI-DRI**. Write your name and address on the margin of this advertisement for complete facts — and FREE SAMPLE!

SUPPLIERS: East — Refiners Lubricating Co., New York 1, New York.

Midwest & South — Waverly Petroleum Products Co., Philadelphia 6, Pa.

West Coast — Waverly Petroleum Products Co., Russ Bldg., San Francisco 4, Calif.

SPEEDI-DRI
OIL AND GREASE ABSORBENT



POOLING THE SURPLUS

The Defense Plant Corp.'s plan of leasing or building warehouse space in industrial centers to expedite sale of surplus equipment and materials is gradually taking shape. The object is to pool the surplus items where prospective buyers can get a look at them (BW—Oct. 7 '44, p5).

Bids were opened this week for construction of four warehouse buildings in the Westchester yards of the New York, New Haven & Hartford R.R. in the Bronx, New York City.

DPC has also leased a warehouse in New York City from the Kingsbridge Auto Storage Co., and another is being built at Linden, N.J.

consent decree, even if they were not willing to talk turkey.

• **Coming to Trial**—The antitrust case against the big five is scheduled to go under way in New York City next week, with a preliminary hearing for the purpose of setting a trial date scheduled for Dec. 20. With the expiration, over a year ago, of the old consent decree, the case languished under Assistant Attorney General Tom Clark, who took it with him when he moved from Antitrust Division to the Criminal Division of the Justice Dept. Eventually, Wendell Berge, who succeeded Clark in the Antitrust Division, took over the case, and the Justice Dept. last summer renewed legal action to force the producers to get rid of the theaters (BW—Aug. 12 '44, p84).

• **Insisting on Divorce**—The big five would gladly settle for another consent decree—provided it stopped short of divorce. A month ago, their representatives traveled to Washington to sound out the trust busters. Berge told them the Justice Dept. was prepared to consider an interim consent decree dealing with block-booking, arbitration of disputes, and other issues covered in the old decree—but that any final decree not including divorce was out.

The Antitrust Division has now rolled up its sleeves and is preparing to fight the divorce issue through the courts.

• **Interim Decree?**—The producers' refusal, thus far, to come to terms on the divorce doesn't preclude the possibility that they will enter an interim decree on other issues. A good record of compliance on such decree might strengthen their hand against the final court test on divorce.

Aside from its bearing on the antitrust

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16, 1944
just case against the major producers, the Crescent decision points to the eventual outcome of two other anti-trust actions against local theater chains, the Schine Circuit, Inc., operating in the Northeast, and Griffiths Amusement Co. in the Midwest. The Schine case has already been tried in Buffalo, and a decision is expected now that the Supreme Court has shown the way. The Griffiths case comes to trial next March in Oklahoma City.

Unity in Vitamins

Proprietary houses and ethical firms consider formation of organization to represent industry, foster research.

Behind scenes at the American Pharmaceutical Assn. meeting in New York this week tentative plans were polished up for an industry-wide organization of vitamin producers and distributors.

Two Groups Involved—Its proponents hope to bring together into one Vitamin Foundation two groups which normally work opposite sides of the same street: proprietary vitamin houses, which advertise directly to consumers, and ethical firms, which advertise their vitamin products indirectly through physicians and druggists.

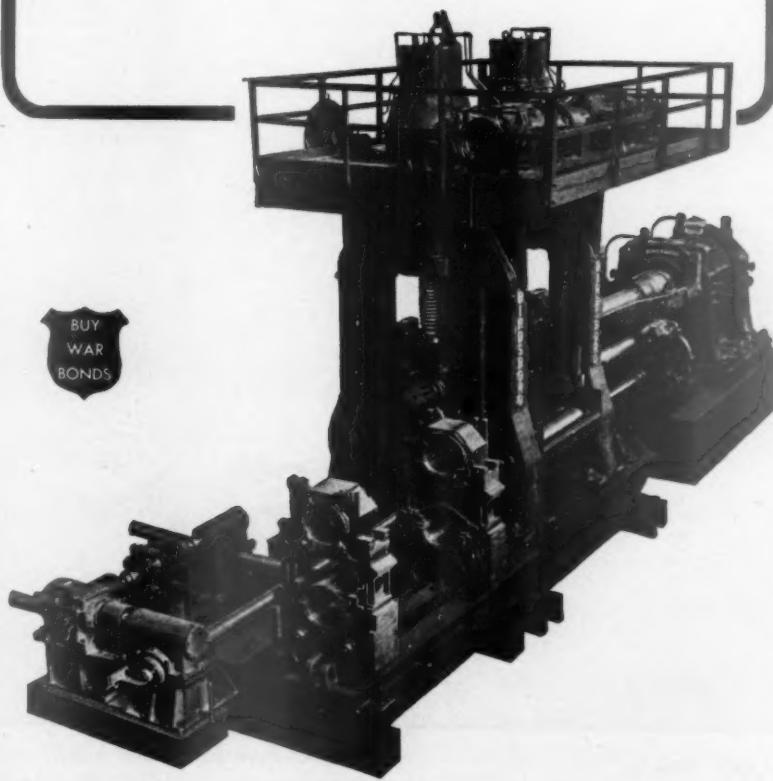
The vitamin industry realized the disadvantage of its lack of unanimity last year when the Office of Price Administration attempted to force a 15% cut in the retail price of vitamins, on the grounds that synthetic vitamin raw materials had dropped 75% in cost in recent years, while sales of finished vitamin products had tripled. The industry violently opposed this action, claiming it was "profit control" rather than price control (BW—Sep. 18 '43, p. 92).

Committee Named—Although OPA lost the battle (BW—Dec. 25 '43, p. 92), it won its war, for vitamin prices were eventually reduced by about 30%, thanks to what the trade called "natural competitive conditions among 30 to 40 manufacturers, producing several hundred brands."

But at least some in the industry haven't forgotten that in the OPA bout, their hand might have been strengthened by an adequate organization of their own. Consequently, S. DeWitt Clough, president of Abbott Laboratories, invited industry representatives to a general meeting, at which an organization committee was appointed. Its chairman is Charles Bowman, formerly manager of Standard Brands' pharma-

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makes possible modern blooming mills like this to mass-produce the steel ingots that are needed so urgently today in speeding Victory . . . blooming mills that will be so important tomorrow in building a post-war world. The mill illustrated incorporates a roll changing rig to expedite roll changes. Consult Birdsboro when you have a mill equipment or special machinery problem.



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BIRDSBORO
STEEL MILL EQUIPMENT

ceutical division, which recently withdrew its consumer vitamin package from the market (BW-Dec. 2 '44, p88). He is now head of Charles Bowman & Co., manufacturer and distributor of bulk vitamin and yeast products.

• **Research Proposed**—Bowman believes the Vitamin Foundation shouldn't assume the role of a trade association; its primary purpose, he says, will be to stimulate research, at first probably by financing work in existing laboratories, such as at universities. Proceeds from patents that are obtained on vitamin discoveries so made would finance further research.

But the foundation—if and when organized—also intends to "study, adopt, and recommend proper standards and terminology," and to "serve as an authoritative body to represent those interested in vitamins, in their . . . negotiations with scientific and medical groups, and government agencies, committees, or administrative departments." Conceivably, market research could also be undertaken. Such a project might well interest the proprietary houses, who are currently struggling with a lop-sided ratio of advertising costs to sales volume.

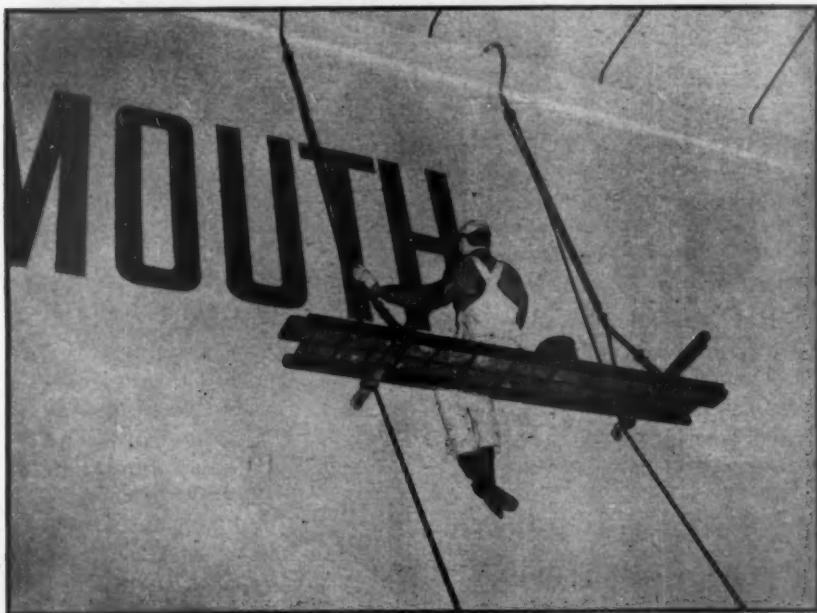
• **100 Eligibles**—There are about 100 firms which might reasonably be ex-

pected to enroll; of these, 90 are ethical houses, five are proprietary firms, and five are basic manufacturers (producers of capsules, bulk vitamins, etc.).

Although the organizing committee included officials from some of the industry's top-flight firms—Borden Co., Hoffman-LaRoche, Inc., Lever Bros. Co., Merck & Co., Inc., E. R. Squibb & Sons, Gelatin Products Co., and Standard Brands, Inc.—this does not necessarily guarantee their membership in the foundation.

• **Act Next Month**—The committee's final organization plan will be presented next month at a meeting which all companies in any way connected with vitamins will be invited to attend. If the plan for a foundation is rejected at that meeting, there's scant hope of bringing two traditionally divergent groups together.

Some of the biggest and oldest ethical houses, traditionally jealous of each other and aloof from proprietary competitors, are said not to be interested in the foundation. Some feel sufficiently secure without a trade association, some worry about the influence of Abbott Laboratories in the foundation movement, and some of them have a wary eye on the Federal Trade Commission's antitrust activities.



STUNT MAN

Competing with a two-front war for publicity requires imagination. It reaped a good crop last week for Chrysler Corp. and its advertising agency, N.W. Ayer & Son, but gave Cleveland police and firemen a headache. A painter, sitting motionless for

hours in a swing against a billboard atop a four-story building, caused concern, then a flood of telephone calls. Police pronounced the "corpse" a dummy, but doubters were unconvinced until firemen hauled out ladders and climbed up for a good look. The agency, which provided the dummy, intends to repeat elsewhere.

War in Cement?

Kaiser's price cut may herald a battle along the West Coast, although industry views it as a local conflict.

His competitors were quick to accept the challenge last week when Henry J. Kaiser announced, in behalf of his Permanente Cement Co., Los Altos, Calif., a reduction of 20¢ a bbl. in the price of cement.

• **Competitors Follow**—Kaiser's new base mill price of \$1.65 a bbl. (in bags) throughout northern California and western Nevada was only 24 hours old when other producers in that area announced that they would meet his figure.

What helped to impart the flavor of a price war to this sequence of events was the fact that, in September, OPA yielded to the pleas of southern California producers and authorized an increase of 20¢ a bbl. to compensate for a rise in freight costs.

• **Differential of 30¢**—Thus, Kaiser's decision and the prompt conformity of his competitors invited attention to the fact that producers in the northern part of the state can undersell their neighbors to the south by 30¢ to 35¢ a bbl.

But if producers in other sections of the U. S. were disturbed by Kaiser's action, they masked their feeling effectively. They limited their comment to a suggestion that Permanente was goaded into the slash by the price-sniping of a local competitor.

• **Under FTC Fire**—Much of their caution may be credited to the fact that their multiple-basing-point system of pricing is under fire. Last year the Federal Trade Commission ordered the industry to abandon this pricing practice (BW-Jul. 31 '43, p92), and the cease-and-desist order now is before the courts on appeal.

• **Built for Shasta**—Permanente's cement plant, built on the basis of a contract which Kaiser interests obtained for cement for Shasta Dam, is claimed to be the largest in the United States. It turns out 5,000,000 bbl. annually, close to 40% of the 13,000,000 bbl. that are produced in northern California each year.

Kaiser claims that modern equipment and improved methods at the Permanente plant, together with economies in distribution, make the price slash possible. His competitors, however, assert that Kaiser was prompted by over-production in a territory where private construction is virtually nil, and where

"The Marvelous DUCK of American Invention" *



Prepared from U. S. Sig-
nal Corps photos taken
during the French invasion

* From the British Prime Minister's recent address to the House of Commons

"The marvelous DUCK of American invention is a heavy lorry which goes between forty and fifty miles an hour along a road, plunges into water and swims out several miles to sea in quite choppy weather, returning to shore with a load of several tons and going wherever it is specially needed."

INVEST IN VICTORY ★★ BUY MORE WAR BONDS



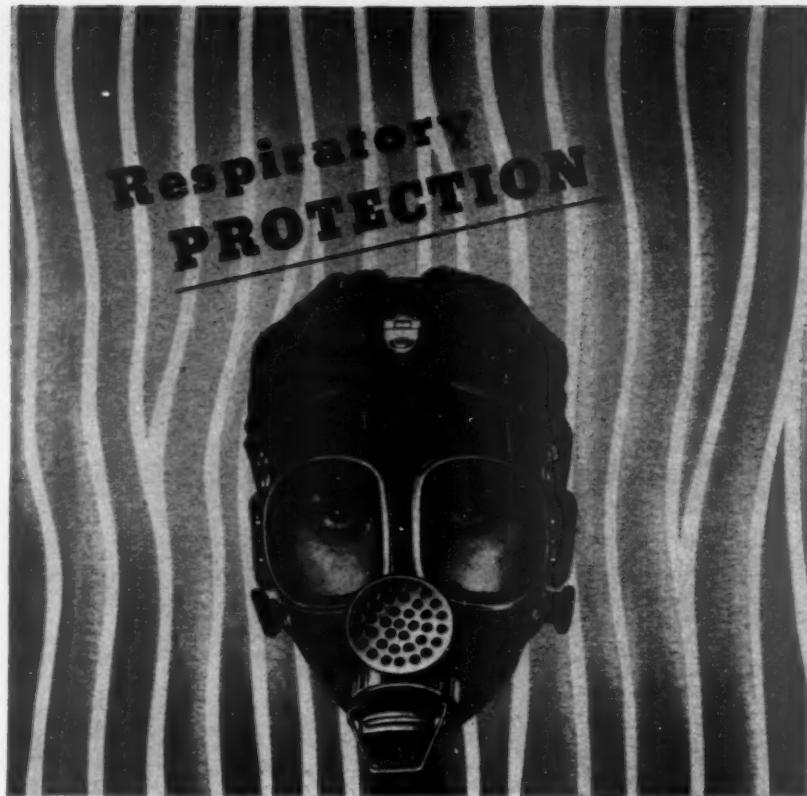
The amphibious truck or "Duck" has been in the vanguard of invasions from Normandy to New Guinea . . . whenever the success of the assault depended upon ship to shore transport. As brought out in the Prime Minister's description, the secret of the "Duck's" invasion value is its unique ability to travel on either land or water . . . carrying a load of several tons wherever it is needed most. Both the "Duck" and the Army's basic 2½-ton "six-by-six" truck are developments of GMC Truck & Coach Division, General Motors. To date, more than four hundred thousand of these vital and versatile vehicles have been supplied to American and Allied Armed Forces.



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government building operations have declined sharply.

• **Testing a Theory**—Kaiser said he merely is supporting his belief that increased purchasing power should flow from low prices, that it will help to counteract the inflationary trend in the cost of home building.

One of the most lucrative fields open to strong competition in the postwar period will be southern California where hundreds of millions of dollars are scheduled to be spent on public improvements. Another territory that may offer enticement to large cement-producing interests willing to buck competition is northern Washington, especially in the vicinity of Seattle.

• **"Purely Local"**—Kaiser competitors say that the northern California-western Nevada price reduction is purely local, and that they see no possibility that it will affect other Pacific Coast areas. However, Kaiser has two bulk cement carriers in the steamers *Phillips* and *Permanente*, and he has applied to the U. S. Maritime Commission for permission to buy two Liberty ships as cement carriers when the war is over, to carry cement to any port on the Pacific Coast.



BY LAMPLIGHT

Working under exacting sanitary conditions, technicians spray mold "seed" into media jars at the Cutter Laboratories, Berkeley, Calif., the only penicillin-producing plant west of the Mississippi River. The spraying is conducted under a bank of General Electric germicidal lamps which sterilize the air as cotton stoppers are lifted from bottles and is a primary step in producing the medicine—the manufacture of which is being stepped up in order to take care of the demands of war.

Union Book Club

U.A.W. launches its own distribution system with 2,000 subscribers and a substantial list of prospects among members.

Add the Labor Book Club, Inc., to the fast-growing list of volume book distributors. This latest offshoot of the C.I.O. United Auto Workers got off to a flying start last week with 2,000 members enrolled even before the new corporation had signed final contracts with publishers of its first two book selections. Reynal & Hitchcock, Inc., is being retained on an annual fee arrangement to lend publishing know-how. Formal drive to enroll a good proportion of U.A.W.'s 1,051,455 members will begin Jan. 1.

• Pay in Advance—The U.A.W. project is a nonprofit operation. Members pay for their books in advance. A \$5 annual fee entitles a member to six books. He may refuse any book he doesn't want, but must accept his six within 18 months. There are no alternate choices except previous selections.

Memberships will be solicited by the educational departments of U.A.W. locals, and forwarded to the club headquarters in Detroit. Book shipments will be made from New York individually to club members. Theoretically, membership is limited to U.A.W. members; practically, neighbors and friends will probably find no difficulty in joining, and other C.I.O. unions may be invited to participate.

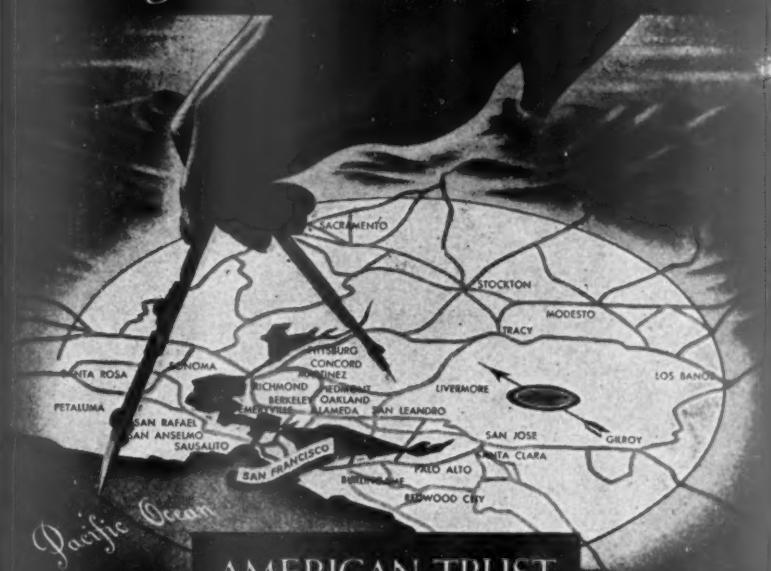
• Library Editions—Reynal & Hitchcock emphasizes that the books will be clothbound "handsome library editions," as the trade says, and that they will be reprints only in the sense that all book club books are reprints. Reynal & Hitchcock will handle all production matters, such as contacts with publishers, rental of plates, design of book club editions, authors' royalties.

First Labor Book Club selection is Alfred A. Knopf's "A Bell for Adano," by John Hersey, to be ready next Feb. 1. It was chosen by a committee composed of the four U.A.W. officers—R. J. Thomas, George Addes, Walter Reuther, and Richard Frankensteen—and the union's educational director, William H. Levitt.

• Publishing House Formed—Future books will include both fiction and non-fiction, probably one or two labor books a year. Eventually, the club will commission books for publication; a United Automobile Workers Publishing Corp. has already been formed.

Pointing to the success of Levitt's

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THE SCIENTIFIC SELECTION OF SALESMEN

By J. L. Rosenstein
Director of Personnel Research
Foundation, and Vice-President of
the Sheldon School, Chicago
250 pages, 8 1/2 x 8, 13 charts, 28 tables, \$3.00

• This book shows you how to revamp your application blank to give only pertinent data which means something in making a selection.

• It shows which tests for personality, sales aptitude, mental ability, social intelligence, etc., etc., are best for your purposes and how to administer them.

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The first book to describe the actual procedures used by the consulting psychologist and selection expert, it shows the advertising executive how to use selection profiles, the interview, references and tests as a unified selection device. Here are techniques applicable to practically every phase of sales effort, large and small—wholesale, retail, specialty, direct and chain store sales personnel.

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Send me Rosenstein's *The Scientific Selection of Salesmen* for 10 days' examination on approval. In 10 days I will send \$3.00, plus few cents postage or return book postpaid. (Postage paid on cash orders.)

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STRAIGHT—GAS POWERED INDUSTRIAL TRUCKS EXCLUSIVELY—SINCE 1919

Union Book Store in Detroit, Reyna Hitchcock predicts that the Labor Book Club will open up practically a new market for all publishers, by establishing the book-buying habit among trade union members.

• **Long-Range Goal**—Any doubt as to the union's long-range goal was settled by Levitt's "Reporting on Education" column in the Dec. 1 issue of United Automobile Worker: "Often, union members' children are turned away from labor by the propaganda of the press and the reactionary teachings in the public schools. Through progressive literature in libraries at home, we can counteract this harmful influence."

Boost for Co-ops

A.F.L. decides to spread consumer cooperative doctrine, reversing traditional policy of restricted endorsement.

The ambitious but puny consumer cooperative movement (annual sales in 1943 were 14% of U.S. total business) has received a boost from labor which may finally prove to be more than the usual token endorsement handed out in past years.

• **Policy Reversed**—A.F.L. delegates at the annual convention in New Orleans voted to set up a department of consumer cooperation, and in effect reversed the traditional union policy favoring only co-ops composed solely of union members.

Preoccupation of labor in previous years with wages and working conditions has slowed union interest in cooperatives, but war-inflated prices and inferior merchandise have created a new consciousness of the importance of its position as a consumer of the goods it produces.

• **Will Explain Co-ops**—Whether or not this latest move is the forerunner of a strong alliance between labor and the cooperatives remains to be seen, but at least the A.F.L. is readying headquarters in Washington which will be manned by a full-time executive and the necessary staff.

The initial job will be education in the ranks of labor as to what cooperatives are, and where they exist, followed by a campaign to stimulate interest in organizing more co-ops.

• **Unions Skeptical**—Curiously enough the C.I.O., which has generally shown a greater interest than the A.F.L. in the consumer problem which labor faces—the United Auto Workers, for instance, has a fully developed consumer

They're Going Overboard For Victory—Are YOU?



USE 8-POINT PLAN FOR AN OVERBOARD DRIVE IN THE 6th WAR LOAN!

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Our fighting men still have a long way to go! But—your plant-wide selling of the 6th can do much to shorten their embattled miles—lessen the price they so willingly pay for victory! Join the coast to coast parade of patriotic firms that are assuring an "overboard" showing in the 6th by following through on every point in the 8-Point Plan.

Start the ball rolling by appointing a 6th War Bond Committee, representing labor, management and other groups.

Carry on by selecting a Team Captain—preferably a returned veteran—for every 10 workers.

Right at the start, establish a Quota for each department—and every employee.

Arrange frequent Meetings of Captains, highlighting importance of their work—effective sales methods—and need for painstaking study of Treasury Booklet, Getting The Order.

Make definite Assignments to those best equipped to arrange music, speeches, rallies, competitive progress boards and meeting schedules.

Issue Individual Pledge Cards—made out in the name of each worker and providing for both cash and installment purchase.

Resolicit! This is the secret of "overboard" War Bond subscriptions. Your State Payroll Chairman has a special Resolicitation Plan for you to put into action near the end of the campaign.

Give generously of your Advertising Space to drive home the War Bond story.



The Treasury Department acknowledges with appreciation the publication of this message by

BUSINESS WEEK

This is an official U. S. Treasury advertisement—prepared under auspices of Treasury Department and War Advertising Council



When Private Planes take the place of fighters



AIRCRAFT makers will have many new models to show. Because, right now, they are working on postwar models—to be ready with jobs for returning servicemen and with private planes for a great air-minded public.

In planning for such conversion, all industry is calling more and more on AIR EXPRESS to save millions of man-hours and dollars through the high-speed delivery of vital material. After the war, of course, the vastly expanded facilities of AIR EXPRESS will serve business in all markets, both here at home and abroad.

SPECIFY AIR EXPRESS A Money-Saving, High-Speed Tool For Every Business

With additional planes now available for all important types of traffic, 3-mile-a-minute Air Express directly serves hundreds of U.S. cities and scores of foreign countries. Thousands of shippers are saving substantial sums through Air Express, employing its economy and efficiency in an ever-increasing number of ways.

WRITE TODAY for "Quizzical Quiz"—a booklet packed with facts that will help you solve many a shipping problem. Dept. PR, Railway Express Agency, 230 Park Avenue, New York 17, N. Y., or ask for it at any local office.

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program (BW—Oct. 28'44, p51)—apparently still has its reservations about the economic value of cooperatives.

Local unions have lent a hand, here and there, but the money-saving appeal of the usual co-op grocery store isn't very strong in view of the low prices quoted by neighborhood chain stores. Many labor leaders feel the co-ops would do better in metropolitan areas if they focused on higher-profit goods—gas and oil, household appliances, etc.

- **Mutual Fears**—If labor has been cool toward the cooperative movement, the co-ops—predominantly rural—are fearful lest their operations in marketing farm products be unionized, and, therefore, have not warmed up to the unions.

Co-op leaders are now seeking to bridge the gap by pointing out that, according to surveys, farmers who belong to co-ops have less animosity toward unions than farmers who are nonmembers.

Although co-op leaders are inclined publicly to blame the split in labor's ranks, and other such factors, for their failure to make much headway in urban centers—a development which only came about with labor patronage—they privately realize that the cleavage between union and farm sentiment is at the root of the trouble.

CIGARETTE MAKERS LOSE

The government's antitrust suit against the big three of the cigarette industry—American Tobacco Co., Liggett & Myers Tobacco Co., R. J. Reynolds Tobacco Co.—entered the last lap of its long journey to the U. S. Supreme Court last week. The Sixth Circuit Court of Appeals, Cincinnati, upheld the sweeping judgment of a lower court that the companies were guilty of price-fixing and sundry monopolistic practices (BW—Nov. 8'41, p17).

An appeal to the Supreme Court by the big three is considered certain, but government attorneys think there is a good chance that the court will refuse to grant certiorari, letting the lower court's decision stand.

With its usual flair for publicity, the Justice Dept.'s Antitrust Division tied announcement of its legal victory to the current cigarette shortage. Assistant Attorney General Wendell Berge stated: "In this, as in other industries in which a few dominant companies have monopolized production and distribution and restricted the growth of competing concerns, the public has been subjected to shortages. Until these restrictive practices are eliminated, there is no reason to suppose that industry will possess a sufficiently developed production potential to prevent the recurrence of shortages."

THE WAR AND BUSINESS ABROAD

BUSINESS WEEK
SEPTEMBER 16, 1944



The expected tug-of-war is developing among the Allies.

A few months ago Poland was the center of the struggle. Then Iran was pushed into the limelight.

This week the battle is focused in Greece and Italy (page 113).

It will almost certainly flare up in the Reich when the partners attempt to divide the supervision of defeated Germany.

And keenest conflict of all may come in the Far East where—with wits sharpened and antagonisms fully developed—each ally will gamble heavily for top position in strategic and vulnerable China.

Despite the diplomatic fireworks, it is doubtful if there has been, technically, any breach in the operational agreements supposedly reached at Tehran.

Stalin, at that meeting, almost certainly was granted a free hand in eastern Europe for as long as the war lasts.

And Churchill, as might be expected, was assigned the Mediterranean—with Greece taking on special strategic significance for the British because of Russia's new influence in the Balkans and the Middle East.

Washington's resentment toward London stems from (1) Britain's decision to act independently in both Greece and Italy, and (2) this country's determination to maintain good relations with Russia (impossible if King George and a reactionary government are forced on the Greeks).

Incidentally, the statements about the affair were dictated by the White House, not the State Dept., and reflect Roosevelt's determination to sell to this country—and to the world—the plan for an international security organization.

The Italian and Greek actions of the British are exactly the kind of thing that will freeze public opinion in this country against any kind of international deal.

On the other hand, Churchill had some reason to be surprised by the sudden gust from the U. S., since Roosevelt has consistently followed a policy of hands off on internal European affairs, and at Quebec reputedly told Churchill to go ahead and make what he could out of Greece.

But the President didn't bargain for armed conflict.

Churchill, nevertheless, is taking a long gamble by his strident stand against Washington, for, if he provokes the U. S. too far, he runs the risk of a terrific squeeze play against Britain—with Washington holding powerful cards.

Basis of the economic deal arranged a few weeks ago with Lord Keynes, as London's official representative (BW—Nov. 18 '44, p115), was that the U. S. should aid Britain in getting back into a sound economic position after the war.

Possessing the capital, technical skills, ships, and equipment that Britain must have to handle this transition effectively and quickly, Washington can, and undoubtedly will, demand greater consideration than it has received in either the Greek or the Italian crisis.

While conflicts warm up at the diplomatic level, postwar economic patterns are beginning to take shape, though slowly, following clear indications that the war in Europe will not be won this year.

France, rapidly recovering its position as a major European power,

THE WAR AND BUSINESS ABROAD (Continued)

BUSINESS WEEK
DECEMBER 16, 1944

continues to be given U. S. priorities on key supplies—latest order being for 700 desperately needed locomotives.

Brazil, continuing its determined policy of industrializing while world competition is at a minimum, has announced a plan to build automobiles using local materials.

While Brazil has not yet raised tariffs to protect high-cost war-born industries, South Africa provides a tip-off of what may be expected.

Following the rapid growth of the South African steel and machinery industries, orders have been issued that supply requirements of all government departments, including the state-operated railways and harbors, be filled at home. **Also, all corporations in which the government holds a controlling interest are likely to be forced to follow the same line.**

Important sign that Britain does not intend to accept a back-seat in postwar competition for world markets, despite the discouraging report by the textile manufacturers' own experts on the degree of obsolescence in their industry (BW—Dec. 9'44, p111), is the announcement that Courtaulds—biggest rayon producer in the Empire—plans to build the world's largest textile plant.

Detail impatiently awaited by U. S. textile experts is the kind of fiber to be made. **Unless it is some really new product similar to nylon, U. S. experts doubt that the project will ever be carried out.**

Following last week's revelations that individual U. S. companies may cooperate with South American governments in the development of government-controlled industries beyond the fields of transportation, raw materials exploitation, and utilities (BW—Dec. 9'44, p111), another example has come to light in Argentina.

Armco Argentina S. A., according to the Economic Survey, published in Buenos Aires, has proposed to the Argentine government that it act as technical agent in the planning and building of a 300,000-ton mill for the making of semifinished steel products.

At the same time, according to the report, Armco would build its own sheet-rolling mill which, in turn, would absorb the entire output of the government-owned primary plant.

Since Argentina is not likely to absorb more than 130,000 tons of steel plate, it is presumed that part of the Armco plates might be specially rolled for use in a local tinplating plant.

Fresh clew that the State Dept., under its new leadership, will make a play for full control of this country's international economic affairs appeared this week with the report that the number of petroleum attaches in various diplomatic outposts would be boosted to more than a dozen.

Despite its effective curb on Secretary of the Interior Harold Ickes and the Petroleum Reserves Corp., State's control over petroleum matters in the past was largely negative because it amounted to nothing more than veto power on all international deals.

Now State apparently is angling for authority actively to initiate all international oil negotiations, and extension of its staff of foreign oil specialists indicates it is likely to get its way (page 17).

By unifying all authority for international economic bargaining, it importantly strengthens Washington's hand, in this case vis-a-vis the Russians as well as the British.

Britain's Stand

Greek maneuvers reveal diplomacy to be followed. U. S. is the challenger, but the real rival is likely to be Russia.

Just as the International Civil Aviation Conference at Chicago revealed Britain's position on postwar economic issues (BW-Dec.9'44,p15), so the British stand in Greece foreshadows the diplomatic pattern to be followed by London in the long string of international negotiations that are ahead.

Britain vs. Russia—And while outwardly the U. S. is the only serious challenger of Britain's strong action in Athens (page 111), real rivals in what may yet become the showdown in the eastern Mediterranean are Britain and Russia (cover).

On the surface, the struggle that has been waged in Greece is a local affair. British forces, assigned to the task of liberating Greece and Albania—according to a plan supposedly approved at the Tehran meeting of Roosevelt, Stalin, and Churchill a year ago—ran into opposition when they attempted to install and maintain a Greek government which had been fostered in Egypt during the last year and a half in preparation for D-Day.

Communists Included—Head of this government was George Papandreou, and included in it, supposedly, were representatives of the principal political groups in Greece, including representatives of the National Liberation Front (EAM). This organization of Greek liberals included Communists, some of whom are active in its leadership.

During the three years of Axis occupation of Greece, EAM organized itself into an effective underground fighting unit whose forces, known as ELAS, were provided some arms and equipment by the United Nations. Most of these supplies were smuggled to ELAS through British intelligence agents.

But a split developed a few weeks ago in this united front of liberated Greeks and their sponsors, when the British apparently made demands on the Papandreou government which EAM representatives were unwilling to support.

Cause of Trouble—Exactly what these demands were has not yet been revealed, but one of them probably was that the unpopular King George be accepted again as the Greek monarch. Another may have been that Britain be granted air and naval bases in Greece and the Aegean islands.

When the split came, and EAM

members withdrew from the cabinet, the party planned a protest demonstration in Athens, which the British military police immediately refused to allow. From then on, the situation turned into a showdown between ELAS forces and the British troops in military control of the city.

• **Beyond the Bargain**—The U. S. is not directly involved, except as a United Nations partner, but when Washington and Moscow agreed at Tehran that Britain should be given a free hand in Greece, Washington, at least, didn't bargain for armed conflict. It is this extreme action by the British, plus the fact that it was not discussed in advance with this country, which caused the President, speaking through his new Secretary of State, to protest London's interference with the choice of governments, particularly among liberated allies.

Actually, the issue in Greece is far more complex than is evident. London is waging a diplomatic battle to insure Britain's traditional control over the supply route through the Mediterranean to India and the Far East. The big new potential contestant for a share of the control is Russia.

• **Russia Still Shut Off**—A part of the three-power agreement at Tehran un-

doubtedly was a promise to Russia that it would be allowed a free hand in eastern Europe as long as the war lasts. This control, however, when it reached the Balkans was allowed to extend west from Rumania and Bulgaria to include Yugoslavia and Hungary.

Strikingly it did not include Greece and Albania, which means that Russia is still shut off from the Mediterranean except as it can extend its influence up the Danube and across Yugoslavia to the Adriatic Sea, or is allowed—in some new arrangement with Turkey—to move freely through the Dardanelles from the Black Sea.

• **Lifeline Insurance**—It is characteristic of the British that they should anticipate such a development and attempt to insure their Mediterranean lifeline against it. This they apparently intend to accomplish by maintaining in Greece and Albania governments which are friendly to them, just as they believe the Russians are insuring friendly governments in the territories in their sphere.

By becoming firmly based in the Greek peninsula and the Aegean islands, London is getting set to meet any possible Russian threat to British dominance in the eastern Mediterranean. This accounts also for London's blunt refusal to see an Italian government formed which will not readily bow to Britain's Mediterranean plan.

• **Plenty to Worry About**—British alarm is fanned by numerous other developments along its line of Empire.

It is inevitable that the Jewish-Arab question in Palestine will flare up in the near future, probably in fairly large-scale fighting, for both sides have taken advantage of the war to amass arms and supplies.

Farther south Britain may run into trouble if the Arab states manage to develop some cohesiveness and if other powers are now able to outbid the purse-pinched British for economic concessions in a region definitely oilrich and possibly possessing large chemical resources.

The United States has already broken Britain's monopoly hold on the oil fields, and Russia threatens, through Iran, to insist on a share of the hugely profitable and strategically vital business (BW-Dec.2'44,p113).

• **Prestige Undermined**—It is unlikely that any international agreement has yet been made covering India and the Far East. That unquestionably will be one of the major matters for discussions at the next meeting of Roosevelt, Stalin, and Churchill.

But London knows that its prestige in the Far East was seriously and perhaps permanently undermined by the loss of Malaya and Burma, and that it



ALLIES INVADE SAAR

Germany is battling for the Saar, not only for its resources—it supplied 10% of German steel, 8% of its coal—but also because it symbolizes the Reich's reborn prestige. It was internationalized in 1918 when France got the mines in reparation for those wrecked in the war, and was returned to the Reich by plebiscite in 1935. After this war the Saar will almost certainly be severed from Germany.

has scarcely been enhanced by the fact that the United States, so far, has borne the brunt of the fighting in the Pacific. It is going to be necessary for Britain to move spectacularly and quickly if it is to recover "face" among the Orientals. If Greece is taken as a clew, Churchill—whose policy won a vote of confidence in Parliament—intends to recoup British fortunes all along the way by whatever methods London finds necessary.

It is when measured against this broad background that Britain's action in Greece and Italy takes on special significance for American business.

• **Spheres of Influence**—It means that London is thinking—at the diplomatic as well as at the economic level—in terms of tight spheres of influence within which some major power is indisputably dominant.

It means that, unless London can be sold on some much broader plan for international cooperation in which Russia will also participate wholeheartedly, few of the plans now under consideration—Bretton Woods, Dumbarton Oaks, the agreements on commercial aviation, oil (page 17), and cocoa (page 32)—are likely to develop into the effective postwar operational pattern now widely visualized.

CANADA

Keynes in Ottawa

Britain's master economic planner confers on pace of aid and on maintenance of balance of accounts until war ends.

OTTAWA—Britain's master economist, John Maynard Keynes, is now in a huddle with Canadian finance and trade officials.

• **Seeks Balanced Account**—Periodically, when Britain's economic relations with the United States or Canada need readjustment, the peer of planners arrives.

Last month Washington's lend-lease arrangements with Britain were altered after talks with Keynes, and a new schedule for 1945 was drafted. His job in Ottawa is to assure a balancing of accounts during the remainder of the current mutual aid fiscal year, and to determine the pace of Canadian aid during the next year.

• **Aid in Reverse**—For the year ended last Mar. 31, the British-Canadian ac-

count balanced at just under \$2,000,000,000. Canada supplied the United Kingdom with more than \$900,000,000 in munitions, \$420,000,000 in food, \$160,000,000 in metals, \$100,000,000 in lumber and wood products, and other goods valued at \$300,000,000.

Biggest items in financing these supplies were Canada's mutual aid gift to Britain of \$725,000,000, and Britain's reverse aid of nearly \$550,000,000 in upkeep of Canadian troops in the U.K.

Direct British exports to Canada took care of a little more than \$100,000,000, and British credits in dividends, interest, shipping services, etc., accounted for \$150,000,000. Sale to Canada of British-owned war plants and liquidation of working capital made up the balance of more than \$350,000,000.

• **Deficit in Sight**—For the current fiscal year, with three months to run, British requirements will amount to \$2,350,000,000, including a boost in munitions to \$1,300,000,000 and in foods to \$500,000,000. There will be a drop in metals shipments.

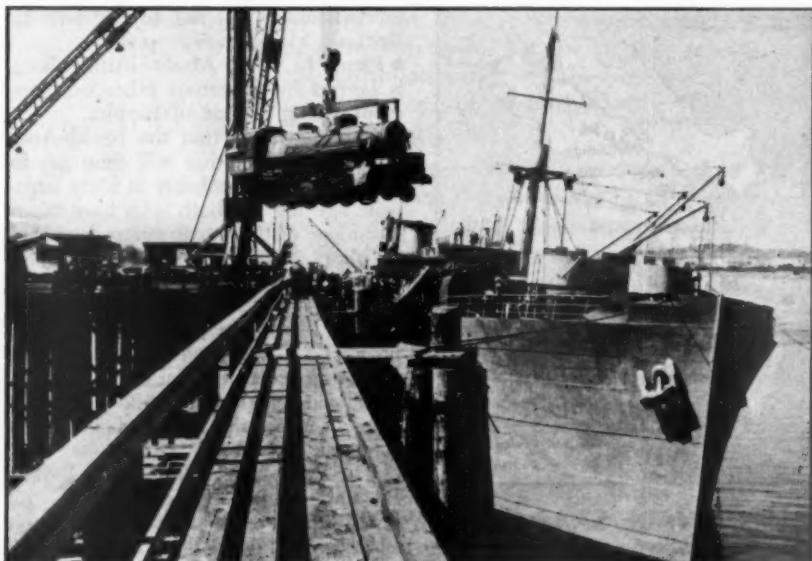
On the other side of the ledger, Britain's credit for supplying Canadian armed forces will be nearly doubled, but there will be no credit from capital liquidations in Canada. Even an increase of over \$100,000,000 (to around \$825,000,000) in Canadian mutual aid will still leave Britain with an unpaid balance of nearly \$200,000,000. In addition, London has some responsibility for a deficit balance of around \$150,000,000 due to Canada from other sterling areas.

• **Problem for Ottawa**—Britain's problem would have been eased if the European war had ended in 1944. Reduced armament shipments from Canada would have been more than offset by British aid to Canadian troops still in Europe.

Now Ottawa regrets that the mutual aid appropriation was not made larger at the outset. The debit will have to be met either by a supplementary provision in the next budget or by a special credit to Britain.

• **New Name Considered**—Nub of the problem, however, is how to facilitate British buying in Canada after Germany falls. It has two facets. Canada's free gift to Britain in the midst of war drew a few isolationist protests, and aid of a nonmilitary nature would be sure to increase resistance. The first job, therefore, is to invent a new name for the rose to sweeten its smell.

What they are thinking about, and now discussing with Lord Keynes, is a plan to give similar mutual aid but under a new name—something like a trade reconstruction plan. It would be justified as necessary to Canada's welfare during reconversion. The Export



PORT OF ASSEMBLY

An American lend-lease locomotive goes aboard a Russia-bound freighter at one of the world's most specialized ports. Operated by Willamette Iron & Steel Corp., this Army installation at Portland, Ore., handles heavy rail equipment exclusively. But it's more than a shipping point; facilities in-

clude an assembly plant and yards for 100 machines. These are necessary because the 100-ton 2-10-0 locomotives are built for the wide-gage Soviet lines, hence must be delivered to tide-water in knocked-down form on flatcars. Part of the program which has been secret for almost a year was the refitting of Russian ships to carry 18 assembled locomotives on each trip.



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Credits Act, passed last summer, designed to aid foreign countries with postwar buying in Canada, does not apply to Britain.

• **Pinch in Markets**—The second facet has to do with meeting Britain's objection to piling up debit balances which might later handicap economic recovery. Lord Keynes is being sounded out on this question.

Canadian businessmen are keenly interested in the outcome of the current talks because their production schedules hang in the balance. Food exports are well covered by Ottawa-London contracts to the end of 1946. Wheat and flour will take care of themselves in normal trading. Lumber is covered by contracts extending well into the period of flux. The pinch comes chiefly in providing markets for manufactured goods which were a substantial part of Canada's exports of over \$500,000,000 annually to the U. K. before the war.

• **Exports a Factor**—Solution of the problem depends in part on Britain's ability to resume normal exports to Canada during 1946-47. Manufacturers recognize in this phase of the question the necessity of determining the extent to which they should try to hold that part of the home market taken over from Britain during the war or be content to see it restored to the British as a way of reopening the U. K. market to Canadian manufacturers.

Confidence was manifest in Ottawa this week that a way would be found to soften Britain's resistance to Canadian credits even if this would still leave Ottawa the job of devising a new dress for a credit plan to make it politically acceptable in the Dominion.

CANADIAN CO-OPS EXPAND

Cooperatives in western Canada are invading the manufacturing field in a big way.

Saskatchewan Cooperative Producers, Ltd., a wheat pool, has plans under way for a \$2,500,000 plant on a 20-acre site in Saskatoon, in which it will produce vegetable oil from sunflower and flaxseeds, mill wheat into flour, process other grains for starch and chemicals, manufacture livestock feeds from the byproducts. Construction will start early in 1945. The co-op organization has surplus funds of \$20,000,000 with which to back the extension.

In Manitoba, Canadian Cooperative Implements, Ltd., distributor of farm machinery, has bought the Winnipeg plant of Gregg Manufacturing Co., Ltd., and will make farm machinery and tools. The provincial governments of Alberta, Saskatchewan, and Manitoba are jointly providing a \$250,000 loan to help finance the \$400,000 deal.

Sponsors Shushed

Toronto radio station se them time but retains control programs. Youthful operator ideas are proving successful.

TORONTO—Advertisers on CKEY Toronto, except during a few even hours, have nothing to say about the sponsored radio programs. They time at any hour they please, if it available, but—as in the early days radio when the radio station, not advertising agency, arranged all programs—they have nothing to do with program. Their commercial is the part over which they have control.

• **Proof of the Pudding**—CKEY has been practically sold out every day of week since it started this new idea on Aug. 28.

On that day, 32-year-old Jack Cooke took possession of this 20-year-old Toronto 1,000-watt broadcast station operating under the call letters CKCL. Cooke bought the station \$500,000, reportedly the highest price ever paid in Canada. Since the day, years ago, when he started in radio, had always wanted to own a station on which he could use his programming ideas.

• **Managed a Chain**—In the 14 years learned many facts about broadcasting working up from a musician to salesman to announcer to station manager, to general manager of Northern Broadcast & Publishing, Ltd., operating a chain of stations in northern Ontario and Quebec. There he first tried out program ideas.

That they are meeting with approval is being shown in two ways: Listened audience on CKEY doubled in the first month of operation under the new system and has increased every month since. Advertisers have bought out most of the day and evening hours on the station seven days a week. The station operates 24 hours daily, has received permission from Ottawa to increase power to 5,000 watts as soon as equipment available.

• **Some U. S. Programs**—With the exception of 7:30 p.m. to 11 p.m., programs on the station are recorded. The evening hours are live shows, arranged by the station or sponsor, including four United States network programs (Amos & Andy, Fitch Ranch wagon, the Shadow, Coronet Show Teller).

CKEY has no United States network affiliations, having given up the Mutual franchise the station had under previous ownership. It is taking such network

shows as the other three Toronto stations (CFRB, CBL, CJBC) cannot accommodate, and expects to increase its network operations.

CKEY has news on the hour, every hour of the day and night; this is practically all sponsored, some with big name Canadian newscasters. Otherwise, the day is divided into blocked programs, which may take one or more hours.

• **Long Periods of Music**—To keep programs properly balanced for musical fare, Cooke employs four musicians full time to do nothing else but make up programs of recordings (he has a total staff of 47 persons on the station, plus five salesmen).

He has blocked periods of varied types of music because he is firmly convinced that listeners want to hear continuous music of one type for a set period, and do not want to have locale and type of program changed every quarter hour.

C.C.F. LOADS ITS GUNS

Overshadowed during Canada's conscription crisis, but not to be overlooked (BW—Dec. 2 '44, p116), was the convention of the Cooperative Commonwealth Federation—the Dominion's major minority political party.

In addition to all-out aid to the overseas forces, C.C.F. called for conscription of all resources, material and financial as well. Principal objective of the convention was drafting a tentative platform for the coming federal election.

The election manifesto promises a soft cushion to all sections of the Canadian economy, except big business, during the reconversion period. Unemployed, mustered out servicemen, and war workers are promised "adequate standards of health and comfort" until greatly expanded social services, a public works program, and the socialization of "industries which are monopolistic in character, or which operate to the detriment of the Canadian people" afford a permanent production function.

Even business—chiefly small business—is promised the direct benefit of a complete revision of the tax system, and an expanding, full-employment economy.

CONTRACTORS TO REFUND

About half of the war contractors re-negotiated by Ottawa will be required to make refunds on payments and take cuts in future claims. Their profits have been found in excess of the 5% to 10% considered reasonable.

Companies which have paid excess profits and business income taxes on disallowed income will have to claim tax refunds.

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THE MARKETS

(FINANCE SECTION—PAGE 66)

Growing strength shown by the rail shares in the stock market since mid-November, lately assuming spectacular proportions with a long string of new seven-year highs recorded daily by the Dow-Jones price index, finally started to generate some real buying interest in other sections of the stock list last week as so many Wall Streeters for some time had been fervently hoping.

• **Buying Increases**—In fact, even though the rail stocks continued to dominate trading activity, such a flood of non-rail buying orders appeared that the Dow-Jones industrial price average experienced little trouble crashing through the resistance levels—previously such a barrier—and climbing to the loftiest peak since January, 1940.

To make things even nicer for the financial district, daily trading volume on the New York Stock Exchange never fell below the 1,000,000-share level last week, including Saturday's shortened two-hour proceedings, and at one time registered a new five-month Big Board trading peak by rising to almost 1,700,000 shares.

• **Prices Irregular**—Early this week, as might be expected in view of the previous sharp rise seen in values, the stock market has had to absorb considerable profit-taking at times, and this has caused occasional spasms of quite widespread price irregularity.

However, while Wednesday disclosed some early weakness that was not corrected that day, previous daily trading sessions this week were characterized by final-hour rallies on heavy volume which erased much of previous losses, and thus far Wall Street's bearish element is willing to admit that the bullish demonstra-

tion of stocks generally has been quite impressive.

• **Favorable News Cited**—Brokers are pretty well agreed that a long-war psychology probably has been the dominant factor behind the upswing.

However, many credit another factor with stimulating the interest that had given the Big Board up to the middle of this week a string of ten consecutive million-share-or-over days. This factor is the pretty consistent flow of favorable news concerning earnings, dividends, and other corporate developments.

When it comes to estimating the extent that the market can rise further in the present rally, most market students aren't venturing far out on the limb, and many now believe that some correction and consolidating of recent gains may cause price irregularity in the trading sessions immediately ahead.

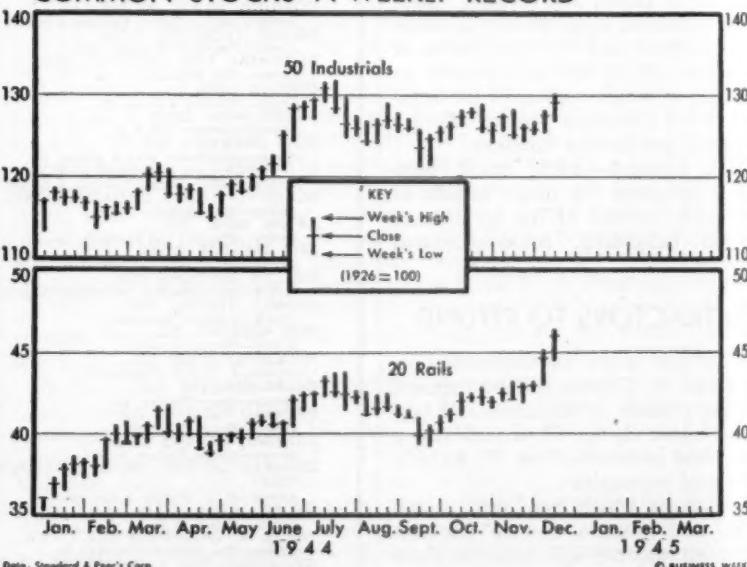
• **Some Bullishness**—Nevertheless, despite the recent rise, considerable bullishness is still being expressed by more than a few brokers concerning the rails. Even though the trend of rail traffic and earnings is downward, they expect excellent profits, as well as some increases in dividends, to be reported next year.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	129.2	127.6	125.2	113.5
Railroad	46.0	44.7	42.1	34.9
Utility	55.0	54.5	54.6	48.8
Bonds				
Industrial	120.6	120.6	120.0	119.3
Railroad	113.2	112.4	110.3	102.0
Utility	116.7	116.6	116.8	115.1

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

THE TRADING POST

Supplies and Reserves

The closer you get to the front, the more you hear about shortages," an Army officer remarked the other day on his return to this country from a trip to the battlefields in Germany.

About the same time, Lt. Gen. Brenda B. Somervell of the Army Service Forces and J. A. Krug of the War Production Board were telling the War & Conversion Congress of American industry about critical shortages of war material. A considerable portion of the present production program, they declared, was not up to schedule.

At first glance, these statements might appear to be contradictory. But the contradiction vanishes when we understand that the critical shortages exist not in current supplies, but in reserves.

In other words, the men at the front are getting from day to day what they need to do their job. The depots just back of the lines are well stocked, but this is possible only because they are drawing more out of the supply pipeline than we are feeding into it. The closer we get to the ultimate sources of supplies in this country, the greater the anxiety, because the pressure in the pipelines must be maintained if they are to keep the front lines supplied.

* * *

The American people are so accustomed to a smoothly operating industrial machine that they are prone to forget that war—even a highly mechanized war—cannot be organized and operated in the same smooth fashion.

We can train men by the millions; we can produce equipment in enormous volume; we can provide abundant transportation for both men and supplies, but time and time again it has been demonstrated that even the best regulated war is full of uncertainties and ponderables.

So there is no reason for us to be dismayed or disheartened by this demand for a boost in some parts of the war production program at a time when many of us had come to feel that at least one phase of the war would soon be over.

There are many reasons for this new pressure. One of the most important, of course, is that we never can be sure just what a resourceful enemy will do next.

Part of the present difficulty traces back to our earlier successes. When we had secured the Normandy beachhead,

Gen. Eisenhower and his staff might have elected to time the advance across Europe so that they would not have had to draw so heavily on their reserves. Instead they chose to exploit boldly the German weaknesses and errors. They decided to advance rapidly. Allied trucks and tires were used up in greater numbers. And, eventually, heavy artillery ammunition was expended more rapidly than if the campaign had been geared to consume only at the current rate of delivery.

There is no reason for the American people to look now for a scapegoat, or to be unduly concerned by the new demands for war production. The call for more heavy bombers, more heavy artillery, and more heavy trucks really is in fact a tribute to American industry, for had it not been for its past performance in meeting production crises, the high command would not have dared to mount its present offensive and to submit its new requirements for the months just ahead.

* * *

Let us not be unduly disturbed by an occasional color story from the front about the gun crew that fired its last shell or the embattled doughboy that used his last cartridge. Such stories may be true, but they are not new. At any given point in the field enemy fire on a single crossroads can easily keep ammunition or other supplies from reaching a particular unit for a time. But that is a local condition. It has no bearing on the over-all production and supply situation.

The supplies needed for the western front campaign now in progress are already in Europe. No responsible military leader has yet told us that there have been sacrifices, up to now, due to failure on the production front. What they are now telling us is that the one way to avoid unnecessary sacrifices in early 1945 is to step up production now.

* * *

But with all this necessity for stepping up some items of war production now, we still have the added obligation of planning for the inevitable transition from war to peace. True, we should not confuse planning for peace with production for victory. But there is no more reason for that than there would be for confusion in the armed services between completing their present campaigns while at the same time they plan their supply services for the new battles that are to come.

W.C.



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THE TREND

WHICH KIND OF CREDITOR?

American opinion on postwar economic relations has by now fairly well crystallized. It favors international cooperation to lower trade barriers. And it stresses large, stable, and productive overseas investments. Many points of policy remain to be hammered out—on tariffs, currency funds, commodity agreements, government participation in long-term lending, and the like.

• But basic to everything is reconsideration of the role of capital exports, and their interrelations with U. S. and world trade. An outcropping of articles in the past few weeks in the National City Bank letter, the Federal Reserve Bulletin, and the Survey of Current Business of the U. S. Dept. of Commerce bears especially on this phase of our and the world's recent economic past, present position, and future policy.

The key question—in terms of avoiding a repetition of failure—is how far our policies led to the economic crisis of the thirties, and in what measure world forces beyond our control were responsible. The nub of this matter lies in another question: "What is a creditor's obligation?"

One viewpoint is that, excluding dividends and interest on investments, a creditor must accept more imports of goods and services than it exports, if it is to expect returns on investment, to say nothing of reinvestment of those returns (BW—Dec. 27 '41, p68).

August Maffry, in the Survey of Current Business, denies this. On the face of it, a nation can become a creditor in the first place only by exporting more goods and services than it imports. But such a creditor must continue "active"—continually lend and invest. Maffry argues that only after some time must a creditor's imports begin to expand faster than its exports—so that an ultimate time of repayment may come into view. This is the position of the National Planning Assn. (BW—Dec. 2 '44, p120). And it is predicated upon the classical history of British export experience (BW—Dec. 25 '43, p112). But, according to Maffry, "even this qualification may disappear in a rapidly expanding world economy."

• The National City Bank letter goes on to argue that we did fulfill—if only by a hair—the limited "creditor's obligation" of accepting a net goods-and-services import surplus. Excluding financial transactions, during 1922-30 we paid out \$0.2 billion more than the nearly \$50 billion we received for exports of goods and services, and during 1931-1939, \$1.0 billion more than our total exports of over \$25 billion.

Further, we did not, as is commonly supposed, drain the world's aggregate gold supply during the thirties. Federal Reserve Bulletin figures show that new production and the increase in dollar value of gold through

our devaluation in 1934 left the world with 50% more gold in 1939 than in 1929. And, as the City Bank shows, well over half the gold movement here of almost \$10 billion between 1931 and 1939 represented foreigners' long- and short-term investments in the U. S.—"flight of capital" and not payments for our exports or on our loans.

• Primarily, where we failed to fulfill our creditor's obligation was in having a depression, which sharply cut our imports, at the same time discontinuing foreign lending. This reduced the dollars we supplied the world from \$7.4 billion in 1929 to \$2.4 billion in 1932. The resultant squeeze on the world economy helped erect the trade barriers of the thirties, which kept our goods out of markets where some gold was still available.

The story of the loans of the twenties is a notorious one, and yet, Maffry shows, in general they were profitable, taken by themselves. From 1920 to 1940 we drew almost \$14 billion income on net investments totaling \$13.4 billion—\$6.5 billion of them made before 1920 and \$6.9 billion made thereafter. Even allowing for a shrinkage through default and other losses to a net value of overseas investments amounting to \$9.8 billions in 1940, we obviously averaged over 4% a year. The rate of return was nearer 7% in 1929; it averaged almost that on direct investments during the 20 years, dipping just below 4% only in 1930-1934.

Right now, as we approach the postwar era, circumstances are propitious for an early trade and investment boom. World holdings of gold and dollars have already risen by \$7 billion during the war (BW—Aug. 12 '44, p120). Wartime destruction and stoppage of trade has built needs for our goods on which such reserves can be spent. Also, our net creditor position has so far declined that the burden of foreign interest and dividends payments to us will be half or less what they were in the late twenties. This, together with the wartime gold and dollar accumulations, brightens the outlook for returns on new loans.

• However, if we are to take full advantage of this short-term opportunity before it runs out to effect a permanent liberation of world trade, we must decide for the longer range which kind of creditor we intend to be. Either we shall accept limited exports of goods and capital, that can grow only as our imports do, or, if we wish to invest abroad heavily, we must commit ourselves to doing so as a continuing policy, whether or not it always seems profitable. On-and-off investment is only an invitation to new world crisis.

The Editors of Business Week

Business Week • December 16, 1944

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